ABN 26 004 139 397
Level 13, 40 Mount Street
North Sydney NSW 2060, Australia
ccamatil.com

ASX Release

12 March 2021

SCHEME BOOKLET REGISTERED WITH ASIC

Coca-Cola Amatil Limited (**Amatil** or the **Company**) refers to the announcement made earlier today in relation to the proposed acquisition by Coca-Cola European Partners plc (**CCEP**) of all of the issued shares held by independent shareholders of Amatil (**Independent Shareholders**) pursuant to a Scheme of Arrangement (**Scheme**), and the orders made by the Supreme Court of New South Wales that Amatil convene and hold a meeting of Independent Shareholders to consider and vote on the Scheme (**Scheme Meeting**) and approving the distribution of an explanatory statement providing information about the Scheme and notice of Scheme Meeting (**Scheme Booklet**) to Independent Shareholders.

Scheme Booklet

Amatil confirms that the Scheme Booklet has today been registered with the Australian Securities and Investments Commission (**ASIC**). A copy of the Scheme Booklet is **attached** and will be made available on Amatil's website. A copy of the following documents is also **attached**:

- the proxy form that will be sent to shareholders; and
- the Scheme Meeting Online Guide.

The Scheme Booklet will be dispatched to Independent Shareholders on 15 March 2021, in the manner described in the announcement made earlier today.

The Scheme Booklet should be read in its entirety before making a decision on whether or not to vote in favour of the Scheme.

Independent Expert's Report

The Scheme Booklet includes a copy of the independent expert's report prepared by Grant Samuel & Associates Pty Limited (**Independent Expert**).

The Independent Expert has concluded that the Scheme is fair and reasonable and accordingly is in the best interests of Independent Shareholders. The Independent Expert has assessed the full underlying value of Amatil Shares at between $12.68 and $14.01 per Amatil Share. The total cash amount of $13.50 per Amatil Share offered to Independent Shareholders is within the upper half of this range.

The Independent Expert's conclusion should be read in context with the full independent expert's report and the Scheme Booklet.

Amatil Independent Directors' & Group Managing Director's recommendation

In the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Independent Shareholders:

- the Amatil Related Party Committee continues to unanimously recommend that Independent Shareholders vote in favour of the Scheme; and
- the Amatil Group Managing Director, Ms Alison Watkins, also continues to recommend that Independent Shareholders vote in favour of the Scheme.

Subject to those same qualifications, each Amatil Related Party Committee Member and Ms Watkins intends to vote, or procure the voting of, the Amatil Shares they own or control in favour of the Scheme.

Scheme Meeting

As previously announced, in the interests of the health and safety of shareholders, employees and other stakeholders in the context of the coronavirus (COVID-19) pandemic, including the restrictions on physical gatherings, the Scheme Meeting, at which Independent Shareholders will vote on the proposed Scheme, will be held as a virtual meeting at 10.00am (Sydney time) on Friday, 16 April 2021.

Independent Shareholders may attend, participate in and vote at the Scheme Meeting online at https://agmlive.link/CCLSM21. All registered Independent Shareholders as at 7.00pm (Sydney time) on Wednesday, 14 April 2021 will be eligible to vote at the Scheme Meeting.

If the requisite majorities of Independent Shareholders approve the Scheme at the Scheme Meeting, and all other conditions precedent to the Scheme (including the New Zealand Overseas Investment Office regulatory approval) except approval of the Supreme Court of New South Wales (**Court**) are satisfied or waived (if capable of waiver), Amatil will apply to the Court for orders approving the Scheme.

You should carefully read the Scheme Booklet in its entirety before making any decision in relation to the Scheme. You are encouraged to seek independent financial, legal, accounting, taxation and/or other professional advice before making any voting or investment decision in relation to your Amatil shares.

If you have any questions in relation to the Scheme or the Scheme Booklet, please contact the Amatil Shareholder Information Line on 1300 671 080 (within Australia) or +61 2 8022 7955 (outside of Australia) between 9.00am and 5.00pm (Sydney time), Monday to Friday (excluding public holidays).

For further information:

Media	Investor Relations	Group Company Secretary
James Lopez	Helen Karlis	Richard Conway
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Authorised by the Related Party Committee.

ABOUT COCA-COLA AMATIL

Coca-Cola Amatil Limited (including subsidiaries, group entities and related bodies corporate) is one of the largest bottlers and distributors of ready-to-drink non-alcohol and alcohol beverages and coffee in the Asia Pacific region. Coca-Cola Amatil is also the authorised bottler and distributor of The Coca-Cola Company's beverage brands in Australia, New Zealand, Fiji, Indonesia, Papua New Guinea and Samoa. Coca-Cola Amatil directly employs around 12,000 people and indirectly creates thousands more jobs across the supply chain, partnering with key suppliers to bottle, package, sell and distribute its products. With access to around 270 million potential consumers through more than 630,000 active customers Coca-Cola Amatil is committed to leading through innovation, building a sustainable future and delivering long-term value, both to shareholders and to society.

For more information, visit www.ccamatil.com or search for Coca-Cola Amatil on LinkedIn, Facebook or Twitter.

This is an important document and requires your immediate attention. You should read it entirely before deciding whether or not to vote in favour of the Scheme. If you are in any doubt about how to deal with this document, you should contact your broker or financial, legal, accounting, taxation and/or other professional adviser immediately.

SCHEME BOOKLET

This Scheme Booklet relates to a scheme of arrangement between Coca-Cola Amatil Limited ABN 26 004 139 397 and the Scheme Shareholders which, if implemented, will result in CCEP Australia Pty Ltd ACN 645 548 634, a wholly-owned subsidiary of Coca-Cola European Partners plc (registered in England and Wales under number 09717350), acquiring all of the Scheme Shares.

The notice for the Scheme Meeting is included in this Scheme Booklet. A proxy form for the Scheme Meeting also accompanies this Scheme Booklet.

In the interests of the health and safety of shareholders, employees and other stakeholders in the context of the coronavirus (COVID-19) pandemic, including the restrictions on physical gatherings, the Scheme Meeting will be held virtually. Independent Amatil Shareholders and their authorised proxies, attorneys and corporate representatives may attend and participate in the Scheme Meeting via the online platform. Full details of how to participate in the Scheme Meeting are set out in this Scheme Booklet.

VOTE IN FAVOUR

In the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Independent Amatil Shareholders, the Amatil Related Party Committee unanimously recommends that Independent Amatil Shareholders vote in favour of the Scheme and the Amatil Group Managing Director, Ms Alison Watkins, also recommends that Independent Amatil Shareholders vote in favour of the Scheme.

The Independent Expert has concluded that the Scheme is fair and reasonable and accordingly is in the best interests of Independent Amatil Shareholders, in the absence of a superior proposal.

If you have recently sold or transferred ownership of all of your Amatil Shares, please disregard all enclosed documents.

Financial Adviser

UBS

Legal Adviser

HERBERT SMITH FREEHILLS

IMPORTANT NOTICES

General

This Scheme Booklet is important and requires your immediate attention. You should read this Scheme Booklet in full before making any decision as to how to vote at the Scheme Meeting.

Nature of this Scheme Booklet

This Scheme Booklet includes the explanatory statement for the Scheme required by subsection 412(1) of the Corporations Act.

This Scheme Booklet does not constitute or contain an offer to Amatil Shareholders, or a solicitation of an offer from Amatil Shareholders, in any jurisdiction. This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act. Subsection 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not apply in relation to arrangements under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order under subsection 411(1). Instead, Amatil Shareholders asked to vote on an arrangement at such a meeting must be provided with an explanatory statement as referred to above.

ASIC and ASX

A copy of this Scheme Booklet has been registered by ASIC for the purposes of subsection 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with subsection 411(2) of the Corporations Act. Neither ASIC, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

ASIC has been requested to provide a statement, in accordance with paragraph 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Court hearings to approve the Scheme.

A copy of this Scheme Booklet has been provided to the ASX. Neither the ASX, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

Defined terms

Capitalised terms used in this Scheme Booklet are defined in section 11 of this Scheme Booklet, which also sets out some rules of interpretation which apply to this Scheme Booklet. Some of the documents reproduced in the annexures to this Scheme Booklet have their own defined terms, which are sometimes different to those set out in section 11.

Important notice associated with Court order under subsection 411(1) of the Corporations Act

The fact that, under subsection 411(1) of the Corporations Act, the Court has ordered that a meeting be convened and has approved the explanatory statement required to accompany the Notice of Scheme Meeting does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how Independent Amatil Shareholders should vote (on this matter Independent Amatil Shareholders must reach their own conclusion); or
- has prepared, or is responsible for the content of, the explanatory statement.

Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting. Any Amatil Shareholder may appear at the Second Court Hearing, currently expected to be held at 9.15am (Sydney time) on Monday, 20 April 2021 at the Law Courts Building, Queens Square, Sydney New South Wales 2000, Australia. Any Independent Amatil Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on Amatil a notice of appearance in the prescribed court form together with any affidavit that the Amatil Shareholder proposes to rely on. Dial-in details for the Second Court Hearing will be made available to any Independent Amatil Shareholder who indicates an intention to appear in this manner. The notice of appearance and affidavit must be served on Amatil at its address for service at least one day before the Second Court Hearing.

No investment advice

This Scheme Booklet has been prepared without reference to the investment objectives, financial and taxation situation or particular needs of any Amatil Shareholder or any other person. The information and recommendations contained in this Scheme Booklet do not constitute, and should not be taken as, financial product advice.

You are encouraged to seek independent financial and taxation advice before making any investment decision and any decision as to whether or not to vote in favour of the Scheme.

This Scheme Booklet should be read in its entirety before making a decision on whether or not to vote in favour of the Scheme. In particular, it is important that you consider the views of the Independent Expert set out in the Independent Expert's Report contained in Annexure 1 and the risk factors set out in section 8 of this Scheme Booklet. You should consult your financial, legal, accounting, taxation and/or other professional adviser about the Scheme before deciding whether or not to vote in favour of the Scheme or if you are in any doubt about anything in this Scheme Booklet.

Scheme Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed.

Forward looking statements

Some of the statements appearing in this Scheme Booklet (including in the Independent Expert's Report) may be in the nature of forward looking statements. Forward looking statements or statements of intent in relation to future events in this Scheme Booklet (including in the Independent Expert's Report) should not be taken to be forecasts or predictions that those events will occur. Forward looking statements generally may be identified by the use of forward looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words.

Similarly, statements that describe the objectives, plans, goals, intentions or expectations of Amatil, CCEP or their related entities are or may be forward looking statements. You should be aware that such statements are only opinions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to Amatil, CCEP, their related entities and/or the industries in which they operate, as well as factors and risks relating to the ongoing COVID-19 pandemic, general economic conditions, prevailing exchange rates and interest rates and conditions in financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement and deviations are both normal and to be expected. None of Amatil, CCEP, their related entities or any of their respective officers, directors, employees or advisers, any person named in this Scheme Booklet, or any person involved in the preparation of this Scheme Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Accordingly, you are cautioned not to place undue reliance on those statements.

Any forward looking statements in this Scheme Booklet reflect views held only at the date of this Scheme Booklet. Subject to any continuing obligations under the Listing Rules or the Corporations Act, Amatil, CCEP, their related entities and any of their respective officers, directors, employees and advisers, disclaim any obligation or undertaking to distribute after the date of this Scheme Booklet any updates or revisions to any forward looking statements to reflect (a) any change in expectations in relation to such statements; or (b) any change in events, conditions or circumstances on which any such statement is based.

Responsibility statement

Amatil has prepared, and is solely responsible for, the Amatil Information. Neither CCEP nor any of its Subsidiaries, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of such information.

Grant Samuel & Associates Pty Limited has prepared the Independent Expert's Report (as set out in Annexure 1) and takes sole responsibility for that report. None of Amatil, CCEP or any of their respective Subsidiaries, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report, except, in the case of Amatil, in relation to the information which it has provided to the Independent Expert.

Deloitte Tax Services Pty Ltd has prepared, and is solely responsible for, the information set out in section 9 of this Scheme Booklet. None of Amatil, CCEP or any of their respective Subsidiaries, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of the information contained in section 9 of this Scheme Booklet.

CCEP has prepared, and is solely responsible for, the CCEP Information. Neither Amatil nor any of its Subsidiaries, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of such information. No consenting party has withdrawn their consent to be named before the date of this Scheme Booklet.

Foreign jurisdictions

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Scheme Booklet has been prepared in accordance with the laws of Australia and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside Australia.

Financial amounts and effects of rounding

All financial and dollar amounts in this Scheme Booklet are expressed in Australian currency unless otherwise stated (see sections 11.2(j) - 11.2(l) of this Scheme Booklet for further details). A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, any discrepancies between totals in tables or financial statements, or in calculations, graphs or charts are due to rounding. All financial and operational information set out in this Scheme Booklet is current as at the date of this Scheme Booklet, unless otherwise stated.

Charts and diagrams

Any charts, diagrams, graphs or tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, diagrams, graphs and tables is based on information available as at the date of this Scheme Booklet.

Timetable and dates

All times and dates referred to in this Scheme Booklet are times and dates in Sydney, Australia, unless otherwise indicated. All times and dates relating to the implementation of the Scheme referred to in this Scheme Booklet may change and, among other things, are subject to Independent Amatil Shareholder approval, Court approval and approval from the Overseas Investment Office of New Zealand (**OIO**).

External websites

Unless expressly stated otherwise, the content of the websites of Amatil and CCEP, or any other websites referenced in this Scheme Booklet, do not form part of this Scheme Booklet and you should not rely on any such content.

For the avoidance of doubt, the Scheme Meeting Online Guide does not form part of this Scheme Booklet.

Tax consequences of the Scheme

If the Scheme becomes Effective, there will be tax consequences for the Scheme Shareholders which may include tax being payable. For further detail regarding general Australian tax consequences of the Scheme, refer to section 9 of this Scheme Booklet. The tax consequences may vary depending on the nature and characteristics of Scheme Shareholders and their specific circumstances. Accordingly, you should seek professional tax advice in relation to your particular circumstances.

Privacy

Amatil may collect personal information in the process of implementing the Scheme. The type of information that it may collect about you includes your name, contact details and information on your shareholding in Amatil and the names of persons appointed by you to act as a proxy, attorney or corporate representative at the Scheme Meeting as relevant to you. The collection of some of this information is required or authorised by the Corporations Act. The primary purpose of the collection of personal information is to assist Amatil to conduct the Scheme Meeting and implement the Scheme. Without this information, Amatil may be hindered in its ability to issue this Scheme Booklet and implement the Scheme. Personal information of the type described above may be disclosed to the Amatil Share Registry, third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the Scheme Meeting), authorised securities brokers, professional advisers, Related Bodies Corporate of Amatil, Government Agencies, and also where disclosure is otherwise required or allowed by law. Amatil Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. If you would like to obtain details of the information about you held by the Amatil Share Registry in connection with Amatil Shares, please contact the Amatil Share Registry, Link Market Services Limited by contacting +61 1300 554 474. Amatil Shareholders who appoint an individual as their proxy, attorney or corporate representative to vote at the Scheme Meeting should ensure that they inform such an individual of the matters outlined above.

Further information about how Amatil collects, uses, discloses and holds personal information is contained in Amatil's Privacy Policy located at the following webpage: (https://www.ccamatil.com/au/privacy-policy).

Date of Scheme Booklet

This Scheme Booklet is dated 12 March 2021.

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LETTER FROM THE CHAIRMAN OF COCA-COLA AMATIL LIMITED

12 March 2021

Dear fellow Coca-Cola Amatil shareholder,

On behalf of the Amatil Related Party Committee, I am pleased to present you with this Scheme Booklet containing information in relation to the proposed acquisition by Coca-Cola European Partners plc (**CCEP**)[1] of all of the shares in Coca-Cola Amatil Limited ABN 26 004 139 397 (**Amatil**) held by Independent Amatil Shareholders[2] pursuant to a scheme of arrangement (**Scheme**).

On 26 October 2020, Amatil announced that it had received a non-binding indicative proposal from CCEP to acquire all of the Amatil Shares held by Independent Amatil Shareholders for $12.75 cash per Amatil Share (less any final dividends in respect of the half year ended 31 December 2020 (**2H 2020**) declared and paid to Amatil Shareholders before implementation of any Scheme)[3], and the separate acquisition of Amatil Shares held indirectly by The Coca-Cola Company (**TCCC**) (**Initial CCEP Proposal**). The Initial CCEP Proposal followed a number of previous non-binding proposals received from CCEP since 2019, all of which were at lower offer prices to Independent Amatil Shareholders.

On 4 November 2020, Amatil announced that it had entered into a scheme implementation deed with CCEP, following the completion of confirmatory due diligence. Amatil also announced that CCEP had entered into a separate agreement to acquire the Amatil Shares indirectly held by TCCC, conditional upon implementation of the Scheme and on less favourable terms than the terms offered to Independent Amatil Shareholders (**CCEP/TCCC Transaction**).

On 15 February 2021, Amatil announced that it had entered into a revised agreement with CCEP that provides for an increase from the original total cash consideration offered to Independent Amatil Shareholders of $12.75 per Amatil Share to $13.50 cash per Amatil Share (less the cash amount of any final dividend in respect of 2H 2020 declared and paid to Amatil Shareholders before the Scheme Record Date, consistent with the original agreement)[4]. CCEP has declared that this is its best and final offer.[5] There were no changes to the CCEP/TCCC Transaction.

On 18 February 2021, Amatil announced that the Amatil Board had declared a fully franked final dividend in respect of 2H 2020 of $0.18 per Amatil Share (**2H 2020 Dividend**).

Details of the Scheme Consideration, 2H 2020 Dividend and any 1H 2021 Dividend

As noted above, if the Scheme is approved and implemented, each Independent Amatil Shareholder will receive $13.50 cash for each Amatil Share they own as at the Scheme Record Date, less the cash amount[6] of the fully franked 2H 2020 Dividend, being $0.18 per Amatil Share.

Accordingly, Independent Amatil Shareholders will be sent a cash amount of $13.32 on the Implementation Date for the Scheme in respect of each Amatil Share they own as at the Scheme Record Date. To ensure you receive total cash of $13.50 in relation to each of your Amatil Shares, you must own those Amatil Shares on both the 2H 2020 Dividend Record Date and the Scheme Record Date. For any Amatil Shares you own on the Scheme Record Date but not on the 2H 2020 Dividend Record Date, you will only receive consideration of $13.32 under the Scheme for those Amatil Shares and will not be entitled to the 2H 2020 Dividend of $0.18 per Amatil Share.

1 Through CCEP Australia Pty Ltd ACN 645 548 634, a wholly owned-subsidiary of CCEP (**CCEP Sub**).

2 The Independent Amatil Shareholders comprise Amatil Shareholders other than Excluded Shareholders. The Excluded Shareholders include The Coca-Cola Company and its Subsidiaries and Related Bodies Corporate.

3 Under the Initial CCEP Proposal, the cash offer price would be reduced by any dividends declared and paid to Amatil Shareholders other than dividends declared or paid after 30 June 2021 in line with historical payout ratios.

4 Under the revised agreement with CCEP, the revised cash offer price will be reduced by any dividends declared and paid to Amatil Shareholders other than an interim dividend in respect of the half year ending 30 June 2021 (**1H 2021**) declared or determined by Amatil on or after 30 August 2021 and paid before the Scheme Record Date in line with historical payout ratios up to a maximum of 15 cents per Amatil Share.

5 Under ASIC's 'truth in takeovers' policy, in general terms, this means that CCEP will not be able to further increase the proposed offer price under the Scheme.

6 For this purpose, the cash amount of the dividend will be taken to be the cash amount as declared or determined to be paid by Amatil with no reduction or offset for any dividend withholding tax, any withholding on account of non-quotation of an ABN or TFN or any other withholding or reduction in the amount received by any Amatil Shareholder.

As at the date of this Scheme Booklet:

- the 2H 2020 Dividend Record Date is 19 April 2021 (which is expected to be after the date of the Scheme Meeting currently scheduled for 16 April 2021);
- the 2H 2020 Dividend Payment Date is 30 April 2021;[7]
- the Scheme Record Date is expected to be 3 May 2021 or such other time and date as Amatil, CCEP and CCEP Sub agree in writing; and
- the Implementation Date is expected to be 10 May 2021.[8]

The total cash amount of $13.50 per Amatil Share offered to Independent Amatil Shareholders (comprising the cash amount of $13.32 per Amatil Share payable by CCEP under the Scheme and the cash amount of the 2H 2020 Dividend of $0.18 per Amatil Share) implies an equity value on a 100% fully diluted basis of approximately $9,821 million and an enterprise value of approximately $11,074 million[9], and represents:

- a premium of 30% to the undisturbed 1-week volume weighted average price (**VWAP**) of Amatil Shares (calculated to close of trading as at 22 October 2020 being the last day of trading for Amatil Shares prior to the first announcement of the Initial CCEP Proposal on 26 October 2020);
- a premium of 46% to the undisturbed 3-month VWAP of Amatil Shares to (calculated to close of trading as at 22 October 2020 as above);
- a premium of 35% to the undisturbed average broker 12-month price target for Amatil Shares prior to the announcement of the Initial CCEP Proposal;[10]
- an EV/EBIT multiple of 17.6x to Amatil's reported underlying CY2019 EBIT;[11] and
- an EV/EBIT multiple of 20.5x to Amatil's reported underlying CY2020 EBIT[12].

Over the 5 years up to (and including) 22 October 2020, being the last undisturbed trading date for Amatil Shares prior to the announcement of the Initial CCEP Proposal on 26 October 2020, Amatil's VWAP was $9.29.[13] In addition, over this 5 year period, Amatil's highest closing share price was $13.07 (being on 20 February 2020) which is below the total cash amount of $13.50 per Amatil Share offered to Independent Amatil Shareholders.

If the Scheme is not implemented by 30 August 2021, Amatil may declare and pay an interim dividend in respect of the half year ending 30 June 2021 (**1H 2021**) up to a maximum of 15 cents per Amatil Share (**1H 2021 Dividend**). The Scheme Consideration will not be reduced by any 1H 2021 Dividend provided it is paid before the Scheme Record Date and is in line with historical payout ratios, meaning that Independent Amatil Shareholders will receive any such dividend in addition to the Scheme Consideration if they are Amatil Shareholders on the record date for any 1H 2021 Dividend.

Please refer to the 'Overview of the Scheme and the CCEP/TCCC Transaction' below for further details in relation to the Scheme Consideration, the 2H 2020 Dividend and any 1H 2021 Dividend.

Recommendation of the Amatil Related Party Committee and the Amatil Group Managing Director

Given TCCC's involvement in the CCEP/TCCC Transaction and the Scheme, the Amatil Related Party Committee (comprised of all five of the Amatil Independent Non-Executive Directors but excluding the TCCC nominee directors of Amatil), rather than the full Amatil Board, has considered all matters in relation to the Scheme and the CCEP/TCCC Transaction.[14]

7 Amatil may make changes to the 2H 2020 Dividend Record Date and/or 2H 2020 Dividend Payment Date in the event that the date for the Scheme Meeting is delayed or to ensure that the 2H 2020 Dividend is paid before the Scheme Record Date. Amatil will notify Amatil Shareholders of any changes to the 2H 2020 Dividend Record Date or 2H 2020 Dividend Payment Date by way of an announcement to the ASX.

8 Amatil and CCEP may agree to delay one or more events following the Scheme Meeting to the extent necessary to enable the 2H 2020 Dividend to be paid before the Scheme Record Date.

9 Implied equity value based on 727,484,532 diluted shares on issue comprising 723,999,699 ordinary shares outstanding and 3,484,833 long-term incentive share rights (as at 31 December 2020). Enterprise value calculated as implied equity value plus net debt (on a pre-AASB16 basis) of $963 million and other adjustments (comprising net defined superannuation plan deficit (net of tax), non-controlling interests and investments in associates) of $291 million as at 31 December 2020.

10 Twelve broker price targets have been used to determine the 12-month broker price target average. The broker price target range was $7.60 - $11.00. The date range of the broker price targets used in determining the average was 20 August 2020 to 21 October 2020. These brokers were selected on the basis of all broker research reports publicly available to Amatil as at 22 October 2020 being the last day of trading for Amatil Shares prior to the first announcement of the CCEP non-binding indicative proposal on 26 October 2020.

11 CY2019 reported underlying EBIT (pre-AASB 16) of $629 million.

12 CY2020 reported underlying EBIT (pre-AASB 16) of $540 million.

13 Source: IRESS data. IRESS has not consented to the use of this information in this Scheme Booklet.

14 TCCC's nominee directors on the Amatil Board, Mr Jorge Garduño and Mr Krishnakumar Thirumalai, are directors and/or senior executives of TCCC Group. In particular, Mr Garduño is President and Representative Director, Coca-Cola Japan Company Limited and Coca-Cola Korea Company Limited and Mr Thirumalai is Chairman of Coca-Cola India. As such, Mr Garduño and Mr Thirumalai have not participated in the consideration of the Scheme and each of them does not consider himself justified in making a recommendation in relation to the Scheme.

In the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Independent Amatil Shareholders:

- the Amatil Related Party Committee unanimously recommends that Independent Amatil Shareholders vote in favour of the Scheme and each Amatil Related Party Committee Member intends to vote, or procure the voting of, the Amatil Shares they own or control in favour of the Scheme; and
- the Amatil Group Managing Director, Ms Alison Watkins, also recommends that Independent Amatil Shareholders vote in favour of the Scheme, and intends to vote, or procure the voting of, the Amatil Shares she owns or controls in favour of the Scheme.

The interests of the Amatil Group Managing Director, Ms Alison Watkins, and the other Amatil Directors are disclosed in section 10 of this Scheme Booklet. Independent Amatil Shareholders should have regard to these interests when considering how to vote on the Scheme, including Ms Watkins' recommendation on the Scheme, which appears throughout this Scheme Booklet.[15]

Independent Expert's opinion

Amatil appointed Grant Samuel & Associates Pty Limited as the Independent Expert to assess the merits of the Scheme.

The Independent Expert has concluded that the Scheme is fair and reasonable and accordingly is in the best interests of Independent Amatil Shareholders, in the absence of a superior proposal. The Independent Expert has assessed the full underlying value of Amatil Shares at between $12.68 and $14.01 per Amatil Share. The total cash amount of $13.50 per Amatil Share offered to Independent Amatil Shareholders is within the upper half of this range.

A copy of the Independent Expert's Report is included in Annexure 1. You are encouraged to read the Independent Expert's Report in its entirety.

Reasons why you may consider voting in favour of the Scheme

The Amatil Related Party Committee and the Amatil Group Managing Director consider that the Scheme provides the opportunity for Independent Amatil Shareholders to realise a certain and immediate outcome for their Amatil Shares that is in the best interests of Independent Amatil Shareholders.

As outlined above, the Scheme provides the opportunity for Independent Amatil Shareholders to receive a certain cash price that is at a premium to Amatil's historical trading prices as well as broker price targets prior to the announcement of the Initial CCEP Proposal. The Amatil Related Party Committee and the Amatil Group Managing Director also consider that the total cash amount of $13.50 per Amatil Share offered to Independent Amatil Shareholders (comprising the cash amount of $13.32 per Amatil Share payable by CCEP under the Scheme and the cash amount of the 2H 2020 Dividend of $0.18 per Amatil Share) equates to an acquisition multiple that generally compares favourably to comparable developed market Coca-Cola bottler transactions and comparable listed Coca-Cola bottler trading multiples, as referenced in the Independent Expert's Report.

In addition, an Independent Expert has opined that the Scheme is fair and reasonable and accordingly is in the best interests of Independent Amatil Shareholders, in the absence of a superior proposal.

The Amatil Related Party Committee and the Amatil Group Managing Director note that there have been a number of developments since Amatil agreed and announced the terms of the original Scheme on 4 November 2020, including in relation to COVID-19 and the macroeconomic environment, as well as business specific and market factors, that you may consider to have increased the fundamental value of Amatil and the value of Amatil Shares. The Amatil Related Party Committee and the Amatil Group Managing Director consider that the increase in the total cash amount offered to Independent Amatil Shareholders to $13.50 per Amatil Share announced by Amatil on 15 February 2021 recognises these developments.

15 Following the exercise of the Amatil Board's (excluding Ms Watkins, Mr Garduño and Mr Thirumalai) discretions, subject to the Scheme becoming Effective, the Amatil Group Managing Director, Ms Alison Watkins, will be entitled to receive $9,882,747 in connection with the early vesting of her unvested Amatil Equity Incentives and the early release from restrictions of her Amatil Restricted Shares. The Amatil Related Party Committee considers that, despite these arrangements, it is appropriate for Ms Watkins to make a recommendation on the Scheme given her role in the operation and management of Amatil and that Independent Amatil Shareholders would wish to know Ms Watkins' views in relation to the Scheme. Ms Watkins also considers that it is appropriate for her to make a recommendation on the Scheme.

In making their recommendation, the Amatil Related Party Committee and the Amatil Group Managing Director note that, as at the date of this Scheme Booklet, no Superior Proposal from a person other than the CCEP Group has emerged since the announcement of the Initial CCEP Proposal and that the Amatil Share price may fall in the absence of the CCEP offer.

The reasons why you may vote in favour of the Scheme are set out in detail in section 1.2 of this Scheme Booklet.

Reasons why you may consider voting against the Scheme

Despite the recommendations of the Amatil Related Party Committee and the Amatil Group Managing Director, there are also reasons why Independent Amatil Shareholders may consider voting against the Scheme.

These include because Independent Amatil Shareholders may wish to participate in the future financial and share price performance of Amatil, which may continue to benefit from macroeconomic factors, including a low interest rate environment and the potentially broader economic recovery from the COVID-19 pandemic.

Please refer to section 1.3 of this Scheme Booklet for further details.

Risk factors

In considering the Scheme, the Amatil Related Party Committee and the Amatil Group Managing Director considered a number of risk factors which may result in potential future benefits to Independent Amatil Shareholders of holding Amatil Shares, but which may also adversely affect the future operating and financial performance of Amatil, the potential for Amatil to make further distributions to Amatil Shareholders and the price and/or value of Amatil Shares, as well as risks which relate to the Scheme itself. Those risks are set out in detail in section 8 of this Scheme Booklet.

Approval requirements

The Scheme can only be implemented if approved by Independent Amatil Shareholders by the Requisite Majorities at the Scheme Meeting to be held at **10.00am (Sydney time) on Friday, 16 April 2021** and by the Court.[16] The Scheme is also subject to OIO approval being obtained, and certain other conditions set out in section 10.5(d) of this Scheme Booklet.

Your vote, as an Independent Amatil Shareholder, is important and you are encouraged to submit your vote on this significant transaction. Please refer to section 'Overview of the Scheme and the CCEP/TCCC Transaction' which follows this letter for further information with regards to the virtual Scheme Meeting and how to vote.

Further information

This Scheme Booklet sets out important information regarding the Scheme, including the reasons for the recommendation of the Amatil Related Party Committee and the Amatil Group Managing Director and the Independent Expert's Report.

You should carefully read this Scheme Booklet in its entirety before making any decision in relation to the Scheme. You are encouraged to seek independent financial, legal, accounting, taxation and/or other professional advice before making any voting or investment decision in relation to your Amatil Shares.

If you have any questions, please contact the Amatil Shareholder Information Line on 1300 671 080 (within Australia) or +61 2 8022 7955 (outside of Australia) between 9.00am and 5.00pm (Sydney time), Monday to Friday (excluding public holidays).

Yours sincerely,

Ilana R. Atlas, AO
Chairman

Coca-Cola Amatil Limited

16 The Scheme Meeting may be postponed or adjourned, including if satisfaction of a Condition Precedent is delayed. Any such postponement or adjournment will be announced by Amatil to the ASX.

OVERVIEW OF THE SCHEME AND THE CCEP/TCCC TRANSACTION

(a) **Scheme Consideration and 2H 2020 Dividend**

Under the Scheme, Independent Amatil Shareholders will be entitled to receive $13.50 cash for each Amatil Share that they own as at the Scheme Record Date, less the cash amount[17] of the 2H 2020 Dividend of $0.18 per Amatil Share declared by the Amatil Board and announced by Amatil on 18 February 2021.[18] CCEP has declared that this is its best and final offer.[19]

Accordingly, if you:

1 hold Amatil Shares on the 2H 2020 Dividend Record Date (currently expected to be 19 April 2021) you will receive the 2H 2020 Dividend (which is fully franked) on the 2H 2020 Dividend Payment Date (currently expected to be 30 April 2021) in respect of those Amatil Shares[20]; and

2 continue to hold Amatil Shares on the Scheme Record Date (currently expected to be 3 May 2021 or such other time and date as Amatil, CCEP and CCEP Sub agree in writing) you will then receive $13.32 per Amatil Share under the Scheme in respect of those Amatil Shares.

To ensure you receive total cash of $13.50 in relation to each of your Amatil Shares, you must own those Amatil Shares on both the 2H 2020 Dividend Record Date and the Scheme Record Date. For any Amatil Shares you own on the Scheme Record Date but not on the 2H 2020 Dividend Record Date, you will only receive consideration of $13.32 under the Scheme for those Amatil Shares and will not be entitled to the 2H 2020 Dividend of $0.18 per Amatil Share.

As noted above, the 2H 2020 Dividend is fully franked, and has been set at a level that allows available franking credits to be returned to Australian shareholders. The franking credits attached to the 2H 2020 Dividend will represent additional value to those Independent Amatil Shareholders who are able to realise a tax benefit from those franking credits and who are Amatil Shareholders on the 2H 2020 Dividend Record Date.[21]

In assessing the value of the 2H 2020 Dividend, you should seek independent professional taxation advice as to whether or not the receipt of the 2H 2020 Dividend and any entitlement to franking credits attached to it is beneficial to you based on your own particular circumstances. Please refer to section 9 of this Scheme Booklet for a general summary of the Australian taxation consequences for Scheme Shareholders.

(b) **Possible 1H 2021 Dividend**

If the Scheme is not implemented by 30 August 2021, Amatil may declare and pay a 1H 2021 Dividend up to a maximum amount of 15 cents per Amatil Share. The Scheme Consideration will not be reduced by any 1H 2021 Dividend provided it is paid before the Scheme Record Date and is in line with historical payout ratios, meaning that Independent Amatil Shareholders will receive any such dividend in addition to the Scheme Consideration if they are Amatil Shareholders on the record date for any 1H 2021 Dividend.

In the event the Scheme is not implemented by 30 August 2021, the declaration or payment of any 1H 2021 Dividend is not a certainty, but Amatil retains the discretion to do so. The amount of franking of any 1H 2021 Dividend would also be determined at the time any dividend is declared and in accordance with the requirements of the Scheme Implementation Deed.

17 For this purpose, the cash amount of the dividend will be taken to be the cash amount as declared or determined to be paid by Amatil with no reduction or offset for any dividend withholding tax, any withholding on account of non-quotation of an ABN or TFN or any other withholding or reduction in the amount received by any Amatil Shareholder.

18 The Scheme Consideration will not be reduced by the cash amount of any 1H 2021 Dividend, which, if declared and paid by Amatil, will be in addition to the Scheme Consideration.

19 Under ASIC's 'truth in takeovers' policy, in general terms, this means that CCEP will not be able to further increase the proposed offer price under the Scheme.

20 Amatil may make changes to the 2H 2020 Dividend Record Date and/or 2H 2020 Dividend Payment Date in the event that the date for the Scheme Meeting is delayed or to ensure that the 2H 2020 Dividend is paid before the Scheme Record Date. Amatil will notify Amatil Shareholders of any changes to the 2H 2020 Dividend Record Date or 2H 2020 Dividend Payment Date by way of an announcement to the ASX.

21 The Scheme Consideration will not be reduced by the value attributed to any franking credits attached to the 2H 2020 Dividend or any 1H 2021 Dividend.

(c) **Amatil Shares held by TCCC Group**

The proposed acquisition of Amatil Shares pursuant to the Scheme detailed in this Scheme Booklet does not include the Amatil Shares held by TCCC and its Subsidiaries and Related Bodies Corporate (**TCCC Group**) (which represent approximately 30.808% of the Amatil Shares on issue as at the date of this Scheme Booklet). Rather, the Amatil Shares held by TCCC Group (**TCCC Amatil Shares**) are proposed to be separately acquired by CCEP Group pursuant to a Co-Operation and Sale Deed entered into between members of CCEP Group and members of TCCC Group on 4 November 2020 (**Co-Operation and Sale Deed**). Further detail in relation to the Co-Operation and Sale Deed and the CCEP/TCCC Transaction is set out below and in section 5 of this Scheme Booklet.

As with other Amatil Shareholders, TCCC Holder is entitled to the 2H 2020 Dividend and any 1H 2021 Dividend in respect of its TCCC Amatil Shares, provided it continues to hold those shares on the relevant dividend record dates.

(d) **The CCEP/TCCC Transaction**[22]

Under the Co-Operation and Sale Deed, it is proposed that the TCCC Amatil Shares will be acquired by CCEP Group in two or more tranches, described in this Scheme Booklet as the First Tranche Sale Shares, the Second Tranche Sale Shares and the Put Option Shares.

The acquisition of the TCCC Amatil Shares under the Co-Operation and Sale Deed is conditional upon the Scheme becoming Effective. As a result, CCEP Group will not acquire any shares held by TCCC Group under the Co-Operation and Sale Deed unless the Scheme becomes Effective.

First Tranche Sale Shares

If the Scheme becomes Effective, TCCC Group will receive total cash consideration of $9.57 (less the cash amount of the 2H 2020 Dividend[23]) per Amatil Share for the First Tranche Sale Shares (which represent approximately 10.8% of the Amatil Shares on issue as at the date of this Scheme Booklet) on the Implementation Date for the Scheme.

The consideration offered to TCCC Group for the First Tranche Sale Shares is therefore materially lower than the total cash amount of $13.50 per Amatil Share offered to Independent Amatil Shareholders.

Second Tranche Sale Shares

If the Scheme becomes Effective, CCEP Group also has the option to elect to purchase the Second Tranche Sale Shares from TCCC Group which will comprise some or all of TCCC Group's remaining shareholding in Amatil (representing approximately 20% of the Amatil Shares on issue as at the date of this Scheme Booklet) on the Implementation Date for the Scheme.

Under the Co-Operation and Sale Deed, the consideration payable for the Second Tranche Sale Shares may be:

- cash (at $10.75 per Amatil Share less the cash amount of the 2H 2020 Dividend[24], that is, less than the total cash amount of $13.50 per Amatil Share offered to Independent Amatil Shareholders);
- CCEP Shares (based on a conversion ratio of 0.19372 CCEP Shares for each Second Tranche Sale Share, with the ratio adjusted for the cash amount of the 2H 2020 Dividend[25], which based on the CCEP share price as at the Last Practicable Date,[26] represents a value per TCCC Amatil Share that is less than the total cash amount of $13.50 per Amatil Share offered to Independent Amatil Shareholders); or
- a combination of such cash and CCEP Shares in proportions elected by CCEP Group.

As at the date of this Scheme Booklet, CCEP has not made an election as to the number of Remaining Sale Shares it proposes to acquire on the Implementation Date in accordance with the Co-Operation and Sale Deed (which will form the Second Tranche Sale Shares).

22 The information contained in this sub-section (d) of this 'Overview of the Scheme and the CCEP/TCCC Transaction' section of the Scheme Booklet is the responsibility of CCEP. Neither Amatil, nor any other Amatil Group Member, nor any of their respective directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the information in that subsection.

23 The consideration will be reduced by any dividends determined or declared and paid to Amatil Shareholders on or before the Implementation Date other than any Post-30 June 2021 Dividend in line with historical payout ratios.

24 The consideration will be reduced by any dividends determined or declared and paid to Amatil Shareholders on or before the Implementation Date other than any Post-30 June 2021 Dividends in line with historical payout ratios.

25 The consideration will be reduced by any dividends determined or declared and paid to Amatil Shareholders on or before the Implementation Date other than any Post-30 June 2021 Dividends in line with historical payout ratios.

26 Based on CCEP's closing share price on the NYSE of US$52.89 on the Last Practicable Date and an AUD/USD exchange rate of AUD1=USD0.7709 (being the rate published by the Reserve Bank of Australia for the Last Practicable Date).

CCEP intends to elect that the consideration in respect of any Remaining Sale Shares which it elects to acquire at implementation of the Scheme will be in the form of cash rather than CCEP Shares.

CCEP Sub has agreed with TCCC Group that the election as to the number of Remaining Sale Shares it will acquire will be made no later than 14 days prior to the date of the Scheme Meeting.[27]

Put Option

If CCEP does not purchase all of the remaining TCCC Amatil Shares on the Implementation Date, TCCC Group will remain a direct or indirect shareholder in Amatil of up to approximately 20% of the Amatil Shares on issue as at the date of this Scheme Booklet after the implementation of the Scheme, subject to the exercise of the Put Option by TCCC Group to sell those Amatil Shares to CCEP Group as described in further detail in section 5.2(c) of this Scheme Booklet.

Movements in CCEP share price

The only circumstance in which TCCC may receive CCEP Shares is if CCEP does not acquire all of the Sale Shares at implementation and TCCC exercises the Put Option.

The number of CCEP Shares that TCCC Group will receive if it exercises the Put Option is fixed and determined by the formula set out in the Co-Operation and Sale Deed. However, the value of any CCEP Shares received by the TCCC Group under these arrangements will depend on the CCEP share price at the time of the exercise of the Put Option.

Further details of the impact of the CCEP share price on the consideration under the CCEP/TCCC Transaction are set out in section 5.2(d) of this Scheme Booklet.

(e) **Scheme Meeting**

The Scheme Meeting of Independent Amatil Shareholders will be held at **10.00am (Sydney time) on Friday, 16 April 2021**.

In the interests of the health and safety of shareholders, employees and other stakeholders in the context of the coronavirus (COVID-19) pandemic, including the restrictions on physical gatherings, the Scheme Meeting will be held virtually. Independent Amatil Shareholders and their authorised proxies, attorneys and corporate representatives may attend and participate in the Scheme Meeting online at https://agmlive.link/CCLSM21. Independent Amatil Shareholders who participate in the Scheme Meeting via the online platform will be able to watch the Scheme Meeting, cast an online vote and ask questions online in real time.

Please monitor Amatil's website and ASX announcements where updates will be provided if it becomes necessary or appropriate to make alternative arrangements for the holding or conduct of the Scheme Meeting.

The Scheme Meeting may also be postponed or adjourned, including if satisfaction of a Condition Precedent is delayed. Any such postponement or adjournment will be announced by Amatil to the ASX.

Approval by the following majorities of Independent Amatil Shareholders at the Scheme Meeting is required for the Scheme to be implemented:

- more than 50% of Independent Amatil Shareholders present and voting at the Scheme Meeting (unless the Court orders otherwise); and
- at least 75% of the total number of votes cast on the Scheme Resolution by Independent Amatil Shareholders.

The Independent Amatil Shareholders do not include members of TCCC Group, who are excluded from, and not permitted to vote on or participate in, the Scheme. As noted above, the TCCC Amatil Shares are proposed to be separately acquired by CCEP Group under the Co-Operation and Sale Deed.

You are encouraged to vote by attending the Scheme Meeting (online) or alternatively by appointing a proxy by completing and submitting the proxy form in accordance with the instructions on that form. To be effective, your proxy appointment must be received by the Amatil Share Registry by **10.00am (Sydney time) on Wednesday, 14 April 2021**.

If you wish the Scheme to proceed, it is important that you vote in favour of the Scheme. If you do not wish the Scheme to proceed, you should consider voting against the Scheme. Further information on how to vote is contained in the Notice of Scheme Meeting attached as Annexure 4 and the Scheme Meeting Online Guide (which has been released to the ASX and will be available at https://www.ccamatil.com/au/Investors/ASX-announcements).

Even if you do not vote, or if you vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majorities of Independent Amatil Shareholders and by the Court. If you are an Independent Amatil Shareholder and this occurs, your Amatil Shares will be transferred to CCEP Sub and you will receive the Scheme Consideration even though you did not vote on, or voted against, the Scheme.

27 The Scheme Meeting is currently scheduled for 16 April 2021.

KEY DATES

Event	Time and date
First Court Date	12 March 2021
Date of this Scheme Booklet	12 March 2021
Latest time and date for receipt of proxy forms or powers of attorney by the Amatil Share Registry for the Scheme Meeting	10.00am (Sydney time) on 14 April 2021
Time and date for determining eligibility to vote at the Scheme Meeting	7.00pm (Sydney time) on 14 April 2021
Scheme Meeting The Scheme Meeting will be held as a virtual meeting. Independent Amatil Shareholders and their authorised proxies, attorneys and corporate representatives may attend, participate in and vote at the Scheme Meeting via the online platform. Further details relating to the Scheme Meeting are set out in the Notice of Scheme Meeting set out in Annexure 4 to this Scheme Booklet.	10.00am (Sydney time) on 16 April 2021
2H 2020 Dividend Ex Date[28]	16 April 2021
2H 2020 Dividend Record Date	19 April 2021
Court hearing to approve the Scheme (Second Court Date)[29]	20 April 2021
Outcome of Second Court Hearing announced to the ASX	20 April 2021
Effective Date	21 April 2021
Last day of trading in Amatil Shares – Amatil Shares will be suspended from trading on the ASX from close of trading	21 April 2021
2H 2020 Dividend Payment Date	30 April 2021
Scheme Record Date (for determining entitlements to Scheme Consideration)	7.00pm on 3 May 2021
Implementation Date (Scheme Consideration will be despatched to Scheme Shareholders on the Implementation Date)	10 May 2021

All times and dates in the above timetable are references to the time and date in Sydney, Australia and all such times and dates are subject to change and to regulatory approval. In particular, the date of the Scheme Meeting may be postponed or adjourned if satisfaction of the OIO Condition Precedent is delayed. In addition, certain times and dates are conditional on the approval of the Scheme by Independent Amatil Shareholders and by the Court.

Amatil may make changes to the 2H 2020 Dividend Record Date and/or 2H 2020 Dividend Payment Date in the event that the date for the Scheme Meeting is delayed or to ensure that the 2H 2020 Dividend is paid before the Scheme Record Date. Amatil and CCEP may also agree changes to the above timetable to delay one or more events following the Scheme Meeting to the extent necessary to enable the 2H 2020 Dividend to be paid before the Scheme Record Date.

Any changes to the above timetable will be announced by Amatil to the ASX.

28 If you acquire Amatil Shares on or after the 2H 2020 Dividend Ex Date, you will not be entitled to the 2H 2020 Dividend in respect of those Amatil Shares.

29 The Court hearing to approve the Scheme (Second Court Date) and the events that follow will only occur if the Scheme is approved by Independent Amatil Shareholders at the Scheme Meeting (other than the 2H 2020 Dividend Payment Date).

1. KEY CONSIDERATIONS RELEVANT TO YOUR VOTE

1.1 Summary of reasons why you might vote in favour of or against the Scheme

In summary, the key reasons for the recommendations of the Amatil Related Party Committee and the Amatil Group Managing Director and why you may vote in favour of the Scheme are as follows:

(a) the total cash amount of $13.50 per Amatil Share offered to Independent Amatil Shareholders (comprising the cash amount of $13.32 per Amatil Share payable by CCEP under the Scheme and the cash amount of the 2H 2020 Dividend of $0.18 per Amatil Share) represents an **attractive premium to Amatil's historical trading** prices as well as broker price targets prior to announcement of the Initial CCEP Proposal (as outlined in section 1.2(a) of this Scheme Booklet);

(b) the total cash amount of $13.50 per Amatil Share (comprising the cash amount of $13.32 per Amatil Share payable by CCEP under the Scheme and the cash amount of the 2H 2020 Dividend of $0.18 per Amatil Share) offered to Independent Amatil Shareholders equates to an **attractive acquisition multiple that generally compares favourably to comparable developed market Coca-Cola bottler transactions and comparable listed Coca-Cola bottler trading multiples**, as referenced in the Independent Expert's Report;

(c) the Independent Expert has concluded that the Scheme is **fair and reasonable and accordingly is in the best interests of Independent Amatil Shareholders, in the absence of a superior proposal;**

(d) the **Amatil Related Party Committee has considered the advantages and disadvantages of the Scheme**, and, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Independent Amatil Shareholders, **unanimously recommends that you vote in favour of the Scheme** and each Amatil Related Party Committee Member intends to vote, or procure the voting of, the Amatil Shares they own or control in favour of the Scheme;

(e) in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Independent Amatil Shareholders, **the Amatil Group Managing Director, Ms Alison Watkins, also recommends that Independent Amatil Shareholders vote in favour of the Scheme**, and intends to vote, or procure the voting of, the Amatil Shares she owns or controls in favour of the Scheme;

(f) the Amatil Related Party Committee and Amatil Group Managing Director consider that the increase in the total cash amount offered to Independent Amatil Shareholders from $12.75 to $13.50 per Amatil Share **recognises a number of developments since Amatil agreed and announced the terms of the original Scheme on 4 November 2020, including in relation to COVID-19 and the macroeconomic environment, as well as with respect to business specific and market factors, that Independent Amatil Shareholders may consider to have increased the fundamental value of Amatil and the value of Amatil Shares**;

(g) since the announcement of the Initial CCEP Proposal, **no Superior Proposal has emerged**;

(h) if the Scheme proceeds, Independent Amatil Shareholders will receive a **certain cash price** for their investment in Amatil and will **avoid ongoing risks and uncertainties** associated with their investment in Amatil's business;

(i) the **Amatil Share price will continue to be subject to market volatility and may fall if the Scheme is not implemented** and in the absence of a Superior Proposal; and

(j) you will **not incur any brokerage charges** on the transfer of your Amatil Shares if the Scheme proceeds.

These reasons are described in further detail in section 1.2 of this Scheme Booklet.

There are also reasons why Independent Amatil Shareholders may not support the Scheme and may consider voting against the Scheme, including those set out below:

(a) you may prefer to participate in the future financial and share price performance of Amatil, which may continue to benefit from macroeconomic factors, including a low interest rate environment and the potentially broader economic recovery from the COVID-19 pandemic;

(b) you may believe that the Scheme Consideration does not recognise the various developments since Amatil agreed and announced the terms of the original Scheme on 4 November 2020, including in relation to COVID-19 and the macroeconomic environment, as well as business specific and market factors, which you may believe to have increased the fundamental value of Amatil and the value of Amatil Shares;

(c) you may believe it is in your best interests to maintain your current investment and risk profile;

(d) you may believe that the Scheme or the Scheme Consideration is not in your individual best interests and disagree with the unanimous recommendation of the Amatil Related Party Committee, the recommendation of the Amatil Group Managing Director, Ms Alison Watkins, and/or the Independent Expert's conclusion;

(e) you may believe that there is potential for a Superior Proposal to emerge; and

(f) the tax consequences of transferring your Amatil Shares pursuant to the Scheme may not be attractive to you given your particular circumstances including the timing of the Scheme.

These reasons are described in further detail in section 1.3 of this Scheme Booklet.

In considering the potential reasons why you may consider voting against the Scheme, you should be aware that even if you vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majorities of Independent Amatil Shareholders and by the Court. If this occurs, your Amatil Shares will be transferred to CCEP Sub and you will receive the Scheme Consideration even though you voted against the Scheme.

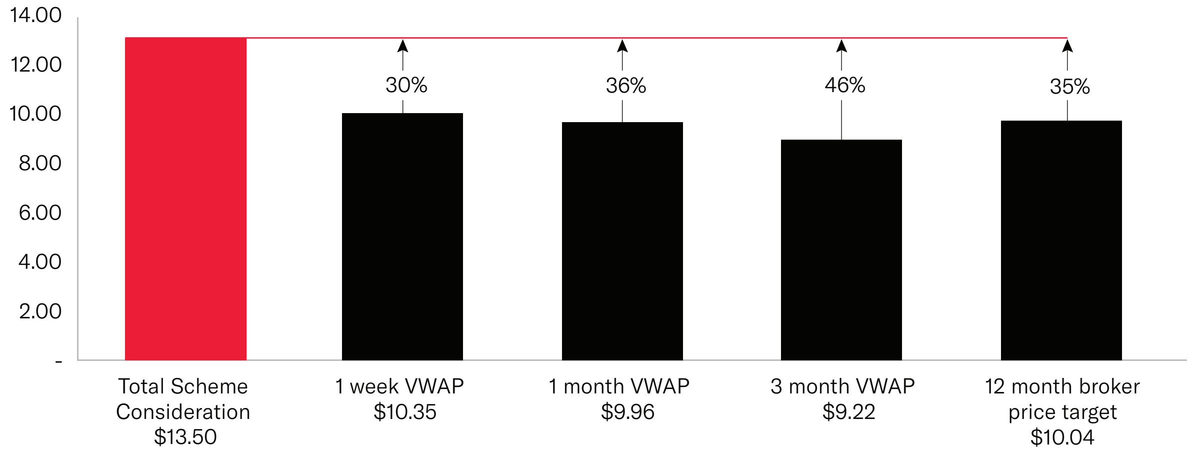
1.2 Reasons why you may vote in favour of the Scheme

(a) **The total cash amount of $13.50 per Amatil Share offered to Independent Amatil Shareholders (comprising the cash amount of $13.32 per Amatil Share payable by CCEP under the Scheme and the cash amount of the 2H 2020 Dividend of $0.18 per Amatil Share) represents an attractive premium to Amatil's historical trading prices as well as broker price targets prior to announcement of the Initial CCEP Proposal**

As set out in the chart below, the total cash amount of $13.50 per Amatil Share offered to Independent Amatil Shareholders (comprising the cash amount of $13.32 per Amatil Share payable by CCEP under the Scheme and the cash amount of the 2H 2020 Dividend of $0.18 per Amatil Share) represents a:

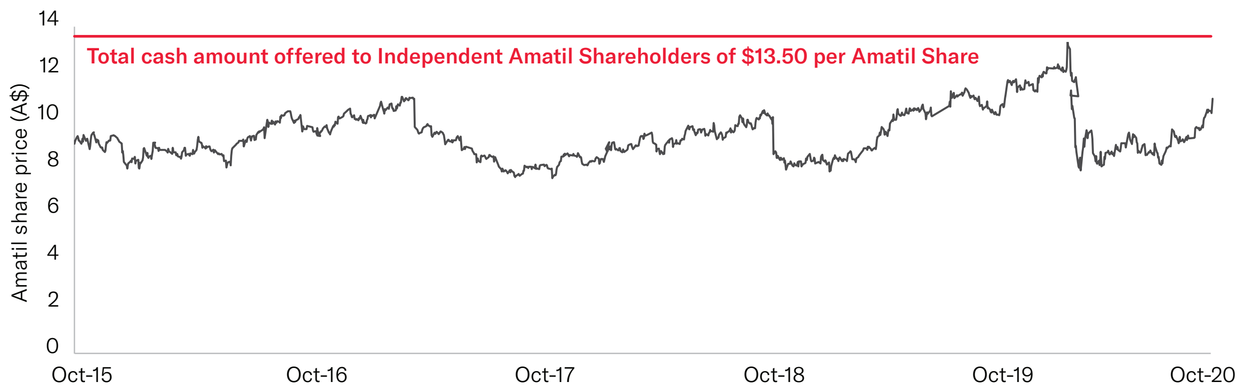
- 30% premium to the undisturbed 1-week volume weighted average price (**VWAP**) of Amatil Shares (calculated to close of trading on 22 October 2020, being the last day of trading for Amatil prior to the first announcement of the Initial CCEP Proposal on 26 October 2020);
- 36% premium to the undisturbed 1-month VWAP of Amatil Shares (calculated to close of trading on 22 October 2020);
- 46% premium to the undisturbed 3-month VWAP of Amatil Shares (calculated to close of trading as at 22 October 2020 as above); and
- 35% premium to the undisturbed average broker 12-month price target for Amatil prior to the announcement of the Initial CCEP Proposal.[30]

30 Twelve broker price targets have been used to determine the 12 month broker price target average. The broker price target range was $7.60 - $11.00. The date range of the broker price targets used in determining the average was 20 August 2020 to 21 October 2020. These brokers were selected on the basis of all broker research reports publicly available to Amatil as at 22 October 2020 being the last day of trading for Amatil Shares prior to the first announcement of the CCEP non-binding indicative proposal on 26 October 2020.



Source: VWAPs based on IRESS data. 12 month broker price target based on the average of twelve broker price targets.[31]

The total cash amount of $13.50 per Amatil Share offered to Independent Amatil Shareholders (comprising the cash amount of $13.32 per Amatil Share payable by CCEP under the Scheme and the cash amount of the 2H 2020 Dividend of $0.18 per Amatil Share) also represents an attractive premium to the prices at which Amatil Shares have largely traded for the last 5 years as shown in the chart below. Over the 5 years up to (and including) 22 October 2020, being the last undisturbed trading date for Amatil Shares prior to the announcement of the Initial CCEP Proposal on 26 October 2020, Amatil's VWAP was $9.29.[32] In addition, over this 5 year period, Amatil's highest closing share price was $13.07 (being on 20 February 2020) which is below the total cash amount of $13.50 per Amatil Share offered to Independent Amatil Shareholders, as shown in the chart below.



Source: IRESS daily closing price data.

In considering the premium offered in relation to the Scheme, Independent Amatil Shareholders should be mindful of the nature and size of TCCC Group's shareholding in Amatil (which equates to approximately 30.808% of the issued share capital of Amatil as at the date of this Scheme Booklet) and the change of control provisions in bottling and distribution agreements between members of TCCC Group and the Amatil Group. These factors may impact the premium that is offered for control relative to other transaction precedents.

(b) **The total cash amount of $13.50 per Amatil Share offered to Independent Amatil Shareholders (comprising the cash amount of $13.32 per Amatil Share payable by CCEP under the Scheme and the cash amount of the 2H 2020 Dividend of $0.18 per Amatil Share) equates to an attractive acquisition multiple that generally compares favourably to comparable developed market Coca-Cola bottler transactions and comparable listed Coca-Cola bottler trading multiples, as referenced in the Independent Expert's Report**

31 The broker price target range was $7.60 - $11.00. The date range of the broker price targets used in determining the average was 20 August 2020 to 21 October 2020. These brokers were selected on the basis of all broker research reports publicly available to Amatil as at 22 October 2020 being the last day prior to the first announcement of the CCEP non-binding indicative proposal on 26 October 2020.

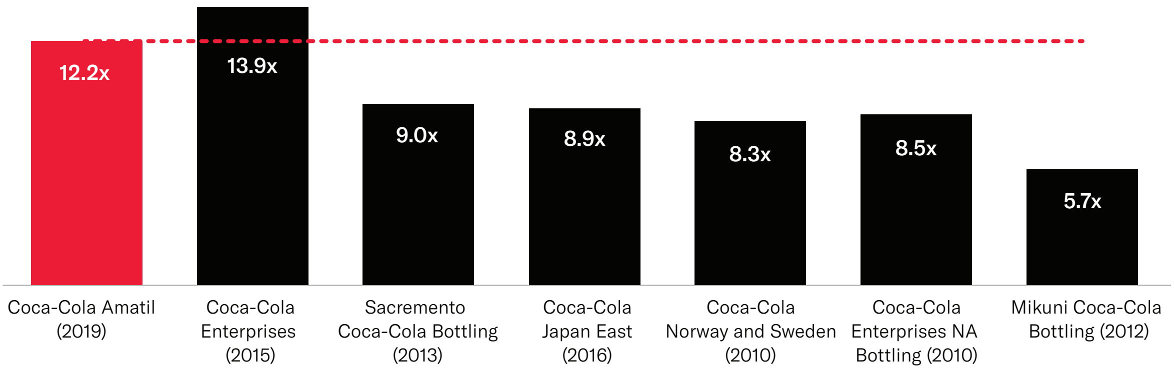
32 Source: IRESS data.

The total cash amount of $13.50 per Amatil Share offered to Independent Amatil Shareholders (comprising the cash amount of $13.32 per Amatil Share payable by CCEP under the Scheme and the cash amount of the 2H 2020 Dividend of $0.18 per Amatil Share) implies (on a 100% fully diluted basis) an enterprise value (EV) of $11,074 million[33], and represents:

- an EV/EBIT multiple of 17.6x to Amatil's reported underlying CY2019 EBIT;[34]
- an EV/EBIT multiple of 20.5x to Amatil's reported underlying CY2020 EBIT;[35]
- an EV/EBITDA multiple of 12.2x to Amatil's reported underlying CY2019 EBITDA;[36] and
- an EV/EBITDA multiple of 13.8x to Amatil's reported underlying CY2020 EBITDA.[37]

These multiples are considered by the Amatil Related Party Committee and the Amatil Group Managing Director to generally compare favourably to the multiples realised in comparable developed market Coca-Cola bottler transactions. This is shown in the chart below which compares the CY2019 EV/EBITDA multiple implied by the total cash amount offered to Independent Amatil Shareholders of $13.50 per Amatil Share against the historical EV/EBITDA multiples realised in comparable developed market Coca-Cola bottler transactions as set out in the Independent Expert's analysis in Annexure 1.[38]

Comparable developed market Coca-Cola bottler transactions – historical EV/EBITDA multiples (pre-AASB16)



Note: The multiple for Coca-Cola Enterprises (2015) above involved the merger with two privately owned Coca-Cola bottlers to form CCEP, and may reflect the greater synergies created, as well as the size and scale of that transaction, as compared to other developed market Coca-Cola bottler transactions set out above.

Source: Section 6.3 of the Independent Expert's Report.

The Amatil Related Party Committee and the Amatil Group Managing Director also consider the multiples implied by the total cash amount offered to Independent Amatil Shareholders of $13.50 per Amatil Share to compare favourably to the multiples of relevant comparable listed Coca-Cola bottlers. This is shown in the chart below which compares the CY2019 EV/EBITDA multiple implied by the total cash amount offered to Independent Amatil Shareholders of $13.50 per Amatil Share to the trading multiples of listed Coca-Cola bottlers as set out in the Independent Expert's analysis.[39]

33 Implied equity value based on 727,484,532 diluted shares on issue comprising 723,999,699 ordinary shares outstanding and 3,484,833 long-term incentive share rights (as at 31 December 2020). Enterprise value calculated as implied equity value plus net debt (on a pre-AASB16 basis) of $963 million and other adjustments (comprising net defined superannuation plan deficit (net of tax), non-controlling interests and investments in associates) of $291 million as at 31 December 2020.

34 CY2019 reported underlying EBIT (pre-AASB 16) of $629 million.

35 CY2020 reported underlying EBIT (pre-AASB 16) of $540 million,

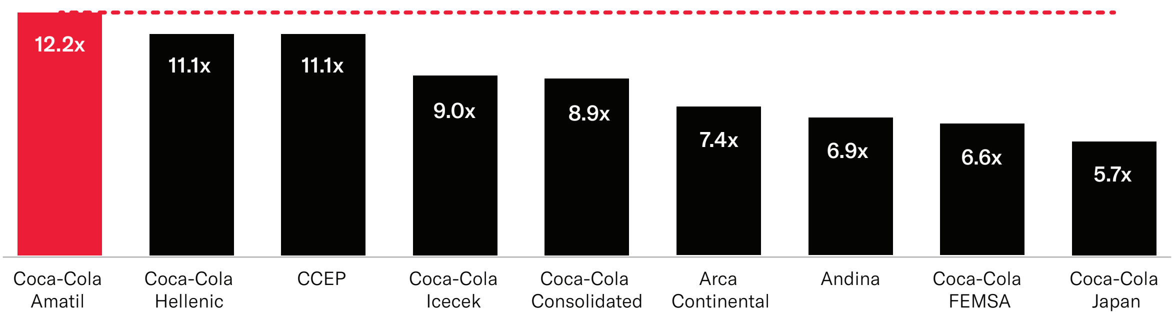
36 CY2019 reported underlying EBITDA (pre-AASB 16) of $908 million.

37 CY2020 underlying EBITDA (pre-AASB 16) of $805 million.

38 The comparable precedent transactions were selected by the Amatil Related Party Committee and Amatil Group Managing Director as being the most relevant given they involve developed market Coca-Cola bottlers. The chart below does not include all transactions that have been announced in the Coca-Cola system and as such, is not an exhaustive list. This chart also does not include all of the transactions referred to in section 6.3 of the Independent Expert's Report contained in Annexure 1 as these were considered by the Amatil Related Party Committee and Amatil Group Managing Director to be less comparable – for example, it does not include precedent transactions involving non-Coca-Cola Global bottlers and beverage contract manufacturers and also does not include vertically integrated beverage companies which have brand ownership.

39 The trading multiples of comparable listed Coca-Cola bottlers were selected by the Amatil Related Party Committee and Amatil Group Managing Director as being the most relevant to Amatil. This chart does not include all listed companies referred to in section 6.3 of the Independent Expert's Report contained in Annexure 1 which includes other global bottlers and global beverage companies.

Comparable listed Co ca-Cola bottlers – CY2019 EV/EBITDA trading multiples (pre-AASB-16)



Source: Section 3 of the Independent Expert's Report.

The charts above do not include all of the comparable transactions and comparable listed companies referred to in the Independent Expert's Report contained in Annexure 1. Independent Amatil Shareholders are advised to read the entirety of the analysis contained in section 6.3 in the Independent Expert's Report for the Independent Expert's complete views on this topic.

(c) The Independent Expert has concluded that the Scheme is fair and reasonable and is in the best interests of Independent Amatil Shareholders, in the absence of a superior proposal

Amatil appointed Grant Samuel & Associates Pty Limited to prepare an Independent Expert's Report providing an opinion as to whether the Scheme is fair and reasonable and in the best interests of Independent Amatil Shareholders.

The Independent Expert has analysed Amatil's business and, in light of this analysis, the Independent Expert has concluded that the Scheme is fair and reasonable and accordingly is in the best interests of Independent Amatil Shareholders, in the absence of a superior proposal.

The Independent Expert has assessed the full underlying value of Amatil at between $12.68 and $14.01 per Amatil Share. The aggregate total cash amount of $13.50 per Amatil Share offered to Independent Amatil Shareholders is within the upper half of this range.

The reasons why the Independent Expert reached these conclusions are set out in the Independent Expert's Report, a copy of which is included in Annexure 1. You are encouraged to read this report in its entirety.

(d) **The Amatil Related Party Committee has considered the advantages and disadvantages of the Scheme, and, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Independent Amatil Shareholders, the Amatil Related Party Committee unanimously recommends that you vote in favour of the Scheme**

Given TCCC's involvement in the CCEP/TCCC Transaction and the Scheme, the Amatil Related Party Committee, rather than the full Amatil Board, has considered all matters in relation to the Scheme and the CCEP/TCCC Transaction. The Amatil Related Party Committee is a committee of the Amatil Board that is responsible for reviewing material transactions between Amatil and its related parties. The Amatil Related Party Committee is comprised of all of the Amatil Independent Non-Executive Directors and excludes the TCCC Nominee Amatil Directors, Mr Jorge Garduño and Mr Krishnakumar Thirumalai, each of whom has not participated in the consideration of, and does not consider himself justified in making a recommendation in relation to, the Scheme.

In the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Independent Amatil Shareholders, the Amatil Related Party Committee unanimously recommends that Independent Amatil Shareholders vote in favour of the Scheme and each Amatil Related Party Committee Member intends to vote or procure the voting of the Amatil Shares they own or control at the time of the Scheme Meeting in favour of the Scheme.

(e) **In the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Independent Amatil Shareholders, the Amatil Group Managing Director, Ms Alison Watkins also recommends that Independent Amatil Shareholders vote in favour of the Scheme**

In addition to the unanimous recommendation of the Amatil Related Party Committee, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Independent Amatil Shareholders, the Amatil Group Managing Director, Ms Alison Watkins, recommends that Independent Amatil Shareholders vote in favour of the Scheme, and intends to vote, or procure the voting of, the Amatil Shares she owns or controls at the time of the Scheme Meeting in favour of the Scheme.

The interests of the Amatil Group Managing Director, Ms Alison Watkins, and the other Amatil Directors are disclosed in section 10 of this Scheme Booklet. Independent Amatil Shareholders should have regard to these interests when considering how to vote on the Scheme, including Ms Watkins' recommendation on the Scheme, which appears throughout this Scheme Booklet.[40]

(f) **The Amatil Related Party Committee and Amatil Group Managing Director consider that the increase in the total cash amount offered to Independent Amatil Shareholders from $12.75 to $13.50 per Amatil Share recognises a number of developments since Amatil agreed and announced the terms of the original Scheme on 4 November 2020, including in relation to COVID-19 and the macroeconomic environment, as well as with respect to business specific and market factors, that Independent Amatil Shareholders may consider to have increased the fundamental value of Amatil and the value of Amatil Shares**

Since Amatil agreed and announced the terms of the original Scheme on 4 November 2020, there have been a number of developments in relation to COVID-19 and the macroeconomic environment, as well as with respect to business specific and market factors, that you may consider to have increased the fundamental value of Amatil and the value of Amatil Shares. These have included:

- *COVID-19 and the macroeconomic environment:* developments regarding a COVID-19 vaccine (which was not available at the time of announcement of the Initial CCEP Proposal), the Reserve Bank of Australia (**RBA**) favourably revising their forecasts for Australian unemployment, GDP growth and other economic indicators for calendar year 2021[41] and indicators of Australian consumer sentiment improving[42];
- *business specific factors:* delivery of Amatil trading results for FY2020 that demonstrated earnings which exceeded consensus analyst estimates[43] and a reduction in net debt and resulted in an upward revision of consensus analyst estimates for FY2021 and FY2022[44]; and

40 Following the exercise of the Amatil Board's (excluding Ms Watkins, Mr Garduño and Mr Thirumalai) discretions, subject to the Scheme becoming Effective, the Amatil Group Managing Director, Ms Alison Watkins, will be entitled to receive $9,882,747 in connection with the early vesting of her unvested Amatil Equity Incentives and the early release from restrictions of her Amatil Restricted Shares. The Amatil Related Party Committee considers that, despite these arrangements, it is appropriate for Ms Watkins to make a recommendation on the Scheme given her role in the operation and management of Amatil and that Independent Amatil Shareholders would wish to know Ms Watkins' views in relation to the Scheme. Ms Watkins also considers that it is appropriate for her to make a recommendation on the Scheme. Section 10 of this Scheme Booklet contains further information on the proposed treatment of Ms Watkins' Amatil Equity Incentives if the Scheme does not become Effective.

41 See the transcript of the Address to National Press Club of Australia given by Philip Lowe, Governor of the RBA, on 3 February 2021 entitled 'The Year Ahead' which can be found at <https://www.rba.gov.au/speeches/2021/sp-gov-2021-02-03.html> and RBA Media Release entitled 'Statement by Philip Lowe, Governor: Monetary Policy Decision' Number 2021-03 dated 2 March 2021 which can be found at <https://www.rba.gov.au/media-releases/2021/mr-21-03.html>.

42 See Total Retail Turnover (seasonally adjusted) year on year growth of 13.3% (November 2020), 9.6% (December 2020), 10.6% (January 2021) Australian Bureau of Statistics <https://www.abs.gov.au/statistics/industry/retail-and-wholesale-trade/retail-trade-australia/jan-2021>.

43 Based on the 12 broker estimates published by brokers between 25 October and 27 October 2020, average CY2020 NPAT was $312 million (with a range of $263 million to $340 million). Brokers were chosen on the basis of all publicly available reports to Amatil.

44 Based on the average of 11 broker estimates published post Amatil's trading update on 22 January 2021 up until 23 January 2021. For CY2021 and CY2022, NPAT was revised to an average of $391 million (with a range of $344 million - $416 million) and $434 million respectively (with a range of $374 million - $460 million). Compared to the 12 broker estimates for CY2021 and CY2022 NPAT of $378 million (with a range of $303 million - $402 million) and $423 million (with a range of $358 million - $455 million) respectively published by brokers between 25 October 2020 and 27 October 2020. Brokers were chosen on the basis of all publicly available reports to Amatil.

- *market factors:* a general increase in Australian and global share market indices[45] and in the share prices of Amatil's global bottling peers.[46] In addition, on 2 February 2021, Philip Lowe, Governor of the RBA, announced on 2 February 2021 (and reiterated on 2 March 2021) that the RBA Board does not expect to increase the Australian cash interest rate from its current level of 0.1% until at least 2024[47].

The Amatil Related Party Committee and Amatil Group Managing Director consider that the increase in the total cash amount offered to Independent Amatil Shareholders of $13.50 per Amatil Share recognises these developments.

(g) Since the announcement of the Initial CCEP Proposal, no Superior Proposal has emerged

Since the proposed Scheme was announced on 26 October 2020 and up until the date of this Scheme Booklet, no Superior Proposal from a person other than the CCEP Group has emerged.

Neither the Amatil Related Party Committee nor the Amatil Group Managing Director is aware, as at the date of this Scheme Booklet, of any Superior Proposal that is likely to emerge.

In considering the probability of a Superior Proposal emerging, Independent Amatil Shareholders should be mindful of the nature and size of TCCC Group's shareholding in Amatil (which equates to approximately 30.808% of the issued share capital of Amatil as at the date of this Scheme Booklet) and the change of control provisions in bottling and distribution agreements between members of TCCC Group and the Amatil Group. These factors limit the range of potential acquirers of Amatil and may mean that it is less likely that a Superior Proposal will emerge than in other transactions.

(h) If the Scheme proceeds, Independent Amatil Shareholders will receive a certain cash price for their investment in Amatil and will avoid ongoing risks and uncertainties associated with their investment in Amatil's business

The Scheme provides Independent Amatil Shareholders with the opportunity to realise certain value of $13.50 cash for each Amatil Share (less the cash amount[48] of the 2H 2020 Dividend of $0.18 per Amatil Share declared by the Amatil Board and announced by Amatil to the ASX on 18 February 2021[49]) and the opportunity to realise their investment in full.

If the Scheme does not proceed, Amatil Shareholders will remain exposed to the risks and uncertainties associated with continuing to hold Amatil Shares, including risks relating to the ongoing COVID-19 pandemic and general and specific risks relating to the business and operations of Amatil.

General risks include (but are not limited to):

- changes in general business, industry cycles and economic conditions;
- the overall performance of the Australian and international stock markets and changes in investor sentiment; and
- changes to government policy, legislation or regulation.

Specific risks include (but are not limited to):

- TCCC Group relationship risk;
- other brand partners relationship risk;
- economic and political risks;
- financial risks;
- key personnel risk; and
- beverage industry risk.

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45 Since the Initial CCEP Proposal was announced up until the Last Practicable Date, the ASX200 index, S&P500 index and FTSE100 index have risen 8.8%, 10.9% and 13.1% respectively. Source: Factset data as at 6 March 2021. Factset has not consented to the use of this information in this Scheme Booklet.

46 Comprising The Coca-Cola Company, Coca-Cola European Partners, Coca-Cola Japan, Coca-Cola HBC, Coca-Cola Consolidated Inc, Arca Continental SAB de CV, Coca-Cola Femsa and Coca-Cola Icecek. Since the Initial CCEP Proposal was announced up until the Last Practicable Date, the average share price movement of these global bottling peers was 17.1%. Source: Factset data as at 6 March 2021.

47 See RBA Media Release entitled 'Statement by Philip Lowe, Governor: Monetary Policy Decision' Number 2021-01 dated 2 February 2021 which can be found at <https://www.rba.gov.au/media-releases/2021/mr-21-01.html>. Reiterated per RBA Media Release entitled 'Statement by Philip Lowe, Governor: Monetary Policy Decision' Number 2021-03 dated 2 March 2021 which can be found at https://www.rba.gov.au/media-releases/2021/mr-21-03.html.

48 For this purpose, the cash amount of the dividend will be taken to be the cash amount as declared or determined to be paid by Amatil with no reduction or offset for any dividend withholding tax, any withholding on account of non-quotation of an ABN or TFN or any other withholding or reduction in the amount received by any Amatil Shareholder.

49 The Scheme Consideration will not be reduced by the cash amount of any 1H 2021 Dividend, which, if declared and paid by Amatil, will be in addition to the Scheme Consideration.

Further discussion on these risks and other risks is set out in section 8 of this Scheme Booklet. The Scheme removes these risks and uncertainties and allows Independent Amatil Shareholders to exit their investment in Amatil at a price that the Amatil Related Party Committee and Amatil Group Managing Director considers attractive. However, by forgoing these risks, Independent Amatil Shareholders will also be forgoing any potential opportunities or potential benefits associated with these risks in the future.

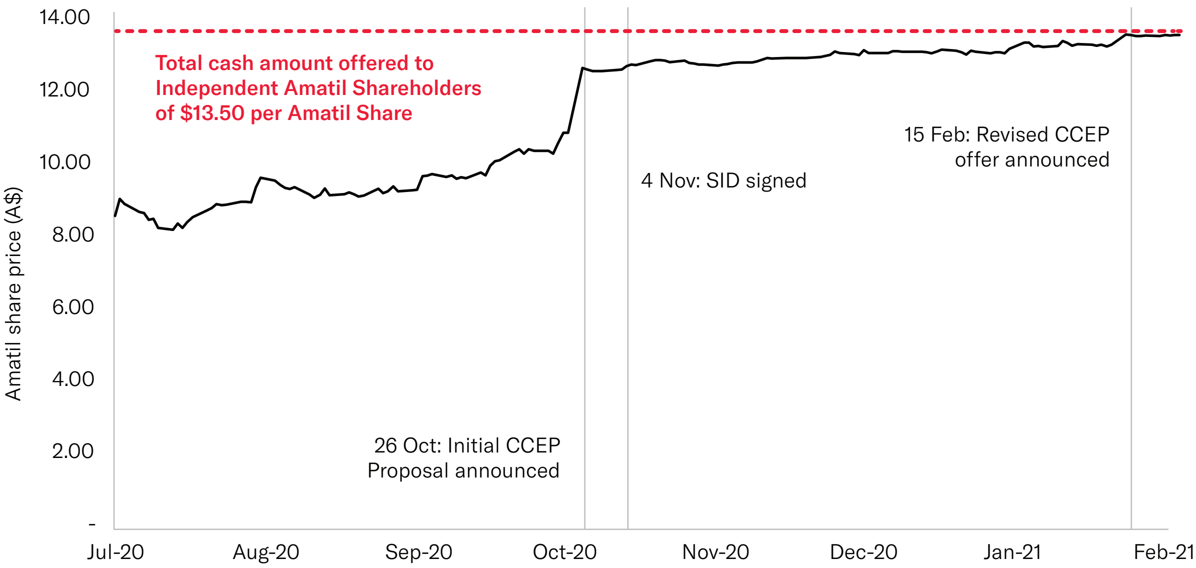
(i) **The Amatil Share price will continue to be subject to market volatility and may fall if the Scheme is not implemented and in the absence of a Superior Proposal**

If the Scheme is not implemented, Amatil Shares will remain quoted on the ASX and will continue to be subject to market volatility, and the impact of general economic conditions (including the prevailing uncertainty with respect to the impact of COVID-19 and the timing of the economic recovery). These factors may have an impact on the Amatil Share price in the short, medium and long term.

If the Scheme does not proceed, and no comparable proposal or Superior Proposal is received by the Amatil Related Party Committee, then the Amatil Share price will continue to be subject to market volatility (and remain dependent on the performance of equity capital markets more generally) and may fall.

In the three-month period up to (and including) 22 October 2020, being the last trading date for Amatil Shares before Amatil announced the receipt of the Initial CCEP Proposal, the VWAP of Amatil Shares was $9.22.[50]

Since market close on 22 October 2020 (being the last day on which Amatil Shares traded before the proposed Scheme was announced), the Amatil Share price has increased 24.8% up to a closing price of $13.42 on the Last Practicable Date, as shown in the graph below.



Source: IRESS daily closing price data

(j) **You will not incur any brokerage charges on the transfer of your Amatil Shares if the Scheme proceeds**

You will not incur any brokerage charges on the transfer of your Amatil Shares under the Scheme.

It is possible that such brokerage charges (and, potentially GST on those charges) would be incurred if you dispose of your Amatil Shares other than under the Scheme.

50 Source: IRESS market data from 22 July 2020 to 22 October 2020.

1.3 Reasons why you may consider voting against the Scheme

(a) **You may prefer to participate in the future financial and share price performance of Amatil, which may continue to benefit from macroeconomic factors, including a low interest rate environment and the potentially broader economic recovery from the COVID-19 pandemic**

If the Scheme is implemented, you will no longer be an Amatil Shareholder and will forgo any future benefits that may result from being an Amatil Shareholder.

This will mean that you will not participate in the future financial and share price performance of Amatil, retain any exposure to Amatil's business or assets or have the potential to share in any value that could be generated by Amatil in the future (unless you choose to obtain indirect exposure to Amatil's business through acquiring CCEP Shares).

This would include exposure to any positive impacts on Amatil's share price and financial performance from developments since Amatil agreed the original terms for the Scheme, including in relation to COVID-19 and the macroeconomic environment, such as a low interest rate environment. Amatil may also continue to benefit from the potentially broader economic recovery from the COVID-19 pandemic.

However, you should note that there is no guarantee as to the future performance of Amatil, or its future share price and financial performance, as is the case with all investments.

(b) **You may believe that the Scheme Consideration does not recognise the various developments since Amatil agreed and announced the terms of the original Scheme on 4 November 2020, including in relation to COVID-19 and the macroeconomic environment, as well as business specific and market factors, which you may believe to have increased the fundamental value of Amatil and the value of Amatil Shares**

As noted in section 1.2(f) above, since Amatil agreed and announced the terms for the original Scheme on 4 November 2020, there have been a number of developments, including in relation to COVID-19 and the macroeconomic environment, as well as business specific and market factors, that may be considered to have increased the fundamental value of Amatil and the value of Amatil Shares.

The Amatil Related Party Committee and the Amatil Group Managing Director have considered these changes in circumstances in arriving at its decision to unanimously recommend that Independent Amatil Shareholders vote in favour of the Scheme.

You may however consider that these developments have increased the value of Amatil and Amatil Shares and that this is not recognised by the Scheme Consideration.

(c) **You may believe it is in your best interests to maintain your current investment and risk profile**

You may prefer to keep your Amatil Shares to preserve your investment in an ASX-listed company with the specific characteristics of Amatil.

In particular, you may consider that, despite the risk factors relevant to Amatil's potential future operations (including those set out in section 8 of this Scheme Booklet), Amatil may be able to return greater value from its assets by remaining a standalone entity or by seeking alternative corporate transactions in the future.

You may also consider that it would be difficult to identify or invest in alternative investments that have a similar investment profile to that of Amatil or may incur transaction costs in undertaking any new investment.

(d) **You may believe that the Scheme or the Scheme Consideration is not in your individual best interests and disagree with the unanimous recommendation of the Amatil Related Party Committee, the recommendation of the Amatil Group Managing Director, Ms Alison Watkins, and/or the Independent Expert's conclusion**

Despite the unanimous recommendation of the Amatil Related Party Committee and recommendation of the Amatil Group Managing Director, Ms Alison Watkins, that Independent Amatil Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Independent Amatil Shareholders and the conclusion of the Independent Expert that the Scheme is fair and reasonable and accordingly in the best interests of Independent Amatil Shareholders, in the absence of a superior proposal, you may believe that the Scheme or the Scheme Consideration is not in your individual best interests.

(e) **You may believe that there is potential for a Superior Proposal to emerge**

You may consider that a Superior Proposal could emerge in the future.

However, in considering this possibility, you should be mindful of the nature and size of TCCC Group's shareholding in Amatil (which equates to approximately 30.808% of the issued share capital of Amatil as at the date of this Scheme Booklet) and the change of control provisions in bottling and distribution agreements between members of TCCC Group and the Amatil Group. These factors limit the range of potential acquirers of Amatil and may mean that it is less likely that a Superior Proposal will emerge than in other transactions.

Since the Initial CCEP Proposal was announced and up until the date of this Scheme Booklet, no Superior Proposal from a person other than the CCEP Group has emerged.

In addition, neither the Amatil Related Party Committee nor the Amatil Group Managing Director is aware, as at the date of this Scheme Booklet, of any Superior Proposal that is likely to emerge.

(f) **The tax consequences of transferring your Amatil Shares pursuant to the Scheme may not be attractive to you given your particular circumstances including the timing of the Scheme**

The tax consequences of the Scheme will depend on your personal situation. You may consider that the tax consequences of transferring your Amatil Shares pursuant to the Scheme are not attractive to you given your particular circumstances including the timing of the Scheme.

You should read the summary of the potential Australian tax implications of the Scheme outlined in section 9 of this Scheme Booklet. However, section 9 of this Scheme Booklet is general in nature, and Independent Amatil Shareholders should consult with their own independent taxation advisers regarding the tax implications of the Scheme.

2. FREQUENTLY ASKED QUESTIONS

This section 2 answers some frequently asked questions relating to the Scheme and the CCEP/TCCC Transaction.[51] It is not intended to address all relevant issues for Independent Amatil Shareholders. This section 2 should be read together with all other parts of this Scheme Booklet.

Question	Answer	More information
Overview of the Scheme		
Why have I received this Scheme Booklet?	This Scheme Booklet has been sent or made available to you because you are an Amatil Shareholder and you are being asked to vote on the Scheme. This Scheme Booklet is intended to help you to consider and decide on how to vote on the Scheme at the Scheme Meeting.	Section 4 of this Scheme Booklet.
What is the Scheme?	The Scheme is a scheme of arrangement between Amatil and the Scheme Shareholders, being those Independent Amatil Shareholders who hold Amatil Shares as at the Scheme Record Date. A "scheme of arrangement" is a statutory procedure in the Corporations Act that is commonly used in transactions in Australia that may result in a change of ownership or control of a company. In addition to requiring Court approval, schemes of arrangement require a shareholder vote in favour of a resolution to implement the scheme of arrangement by the Requisite Majorities. The Scheme Shareholders do not include TCCC Group, whose Amatil Shares are proposed to be separately acquired by CCEP Group under the Co-Operation and Sale Deed. If the Scheme becomes Effective, CCEP Group will acquire all of the Scheme Shares for the Scheme Consideration. Amatil will be delisted from the ASX and become a Subsidiary of CCEP.	Sections 4, 5 and Annexure 2 to this Scheme Booklet.

51 The answers to the questions "Who is CCEP?", "Who is CCEP Sub?", "Does CCEP currently hold any Amatil Shares?", "What is the CCEP/TCCC Transaction?", "Why does the Scheme not apply to the Amatil Shares held by TCCC Group?", "What consideration will TCCC receive for the sale of its Amatil Shares?", "Will TCCC retain any of its Amatil Shares following implementation of the Scheme?", "Will the CCEP/TCCC Transaction still proceed if the Scheme does not proceed?", "Can the terms of the Co-Operation and Sale Deed be amended?" and "Have CCEP Group and TCCC Group entered into any other arrangements in connection with the Scheme, the Amatil Group or its businesses?" (**CCEP FAQs**) is the responsibility of CCEP. Neither Amatil, nor any other Amatil Group Member, nor any of their respective directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the information in the CCEP FAQs.

Question	Answer	More information
Questions about CCEP Group		
Who is CCEP?	CCEP is a leading consumer goods company, a strategic bottling partner to TCCC in Western Europe and the world's largest independent Coca-Cola bottler by revenue as at the Last Practicable Date. CCEP's beverage portfolio includes Coca-Cola trademark brands, organic ready-to-drink teas, coffees and juices. CCEP is a public company incorporated in England and Wales that is listed on stock exchanges in New York, London, Amsterdam and the continuous market of the Spanish Stock Exchanges. As at the Last Practicable Date, CCEP has a market capitalisation on the New York Stock Exchange (NYSE) of approximately US$24.063 billion.[52]	Section 7.1 of this Scheme Booklet.
Who is CCEP Sub?	CCEP Australia Pty Ltd ACN 645 548 634 (**CCEP Sub**), is an Australian proprietary company incorporated on 30 October 2020 for the purpose of acquiring the Amatil Shares pursuant to the terms of the Scheme and the CCEP/TCCC Transaction. CCEP Sub is a direct wholly-owned subsidiary of CCEP HoldCo which is in turn a direct wholly-owned subsidiary of CCEP.	Section 7.2 of this Scheme Booklet.
Does CCEP currently hold any Amatil Shares?	As at the date of this Scheme Booklet, no CCEP Group Member is the registered holder of any Amatil Shares. CCEP and/or its Associates have a Relevant Interest in 30.808% of the Amatil Shares, and voting power of 30.808% of Amatil (as those terms are defined in the Corporations Act), in each case in respect of the Amatil Shares indirectly held by TCCC and arising from the agreement to acquire up to all of those Amatil Shares under the Co-Operation and Sale Deed. However, neither CCEP nor any Related Body Corporate of CCEP has any ability to control the exercise of any votes in respect of those Amatil Shares unless and until the Scheme becomes Effective and the purchase of those Amatil Shares completes.	Section 7.6 of this Scheme Booklet.

52 Based on CCEP's closing share price on the NYSE of US$52.89 on the Last Practicable Date.

Question	Answer	More information
Overview of the Scheme Consideration		
What is the Scheme Consideration?	Under the Scheme, Independent Amatil Shareholders will be entitled to receive $13.50 cash for each Amatil Share that they own as at the Scheme Record Date, less the cash amount[53] of the 2H 2020 Dividend of $0.18 per Amatil Share declared by the Amatil Board and announced by Amatil on 18 February 2021. CCEP has declared that this is its best and final offer.[54] Accordingly, if you: 1 hold Amatil Shares on the 2H 2020 Dividend Record Date (currently expected to be 19 April 2021) you will receive the 2H 2020 Dividend (which is fully franked) on the 2H 2020 Dividend Payment Date (currently expected to be 30 April 2021) in respect of those Amatil Shares[55]; and 2 continue to hold Amatil Shares on the Scheme Record Date (currently expected to be 7.00pm (Sydney time) on 3 May 2021 or such other time and date as Amatil, CCEP and CCEP Sub agree in writing) you will then receive $13.32 per Amatil Share under the Scheme in respect of those Amatil Shares. To ensure you receive total cash of $13.50 in relation to each of your Amatil Shares, you must own those Amatil Shares on both the 2H 2020 Dividend Record Date and the Scheme Record Date. For any Amatil Shares you own on the Scheme Record Date but not on the 2H 2020 Dividend Record Date, you will only receive consideration of $13.32 under the Scheme for those Amatil Shares and will not be entitled to the 2H 2020 Dividend of $0.18 per Amatil Share. If the Scheme is not implemented by 30 August 2021, Amatil may declare and pay a 1H 2021 Dividend up to a maximum of 15 cents per Amatil Share. The Scheme Consideration will not be reduced by any 1H 2021 Dividend provided it is paid before the Scheme Record Date and is in line with historical payout ratios, meaning that Independent Amatil Shareholders will receive any such dividend in addition to the Scheme Consideration if they are Amatil Shareholders on the record date for any 1H 2021 Dividend. TCCC Group will not receive the Scheme Consideration. The Amatil Shares held by TCCC Group (through TCCC Holder) are proposed to be separately acquired by CCEP Group under the Co-Operation and Sale Deed. However, as with other Amatil Shareholders, TCCC Holder is entitled to the 2H 2020 Dividend and any 1H 2021 Dividend in respect of its TCCC Amatil Shares, provided it continues to hold those shares on the relevant dividend record dates. Please refer to the answer to the question 'What is the CCEP/TCCC Transaction?' below for further information regarding the CCEP/TCCC Transaction and the answer to the question 'What consideration will TCCC receive for the sale of its Amatil Shares?' for information regarding the consideration TCCC Group will receive for the sale of its Amatil Shares to CCEP Group under the Co-Operation and Sale Deed.	Sections 4.2, 4.3 and 5.2 of this Scheme Booklet.

53 For this purpose, the cash amount of the dividend will be taken to be the cash amount as declared or determined to be paid by Amatil with no reduction or offset for any dividend withholding tax, any withholding on account of non-quotation of an ABN or TFN or any other withholding or reduction in the amount received by any Amatil Shareholder.

54 Under ASIC's 'truth in takeovers' policy, in general terms, this means that CCEP will not be able to further increase the proposed offer price under the Scheme.

55 Amatil may make changes to the 2H 2020 Dividend Record Date and/or 2H 2020 Dividend Payment Date in the event that the date for the Scheme Meeting is delayed or to ensure that the 2H 2020 Dividend is paid before the Scheme Record Date. Amatil will notify Amatil Shareholders of any changes to the 2H 2020 Dividend Record Date or 2H 2020 Dividend Payment Date by way of an announcement to the ASX.

Question	Answer	More information
When and how will I receive my Scheme Consideration?	If the Scheme becomes Effective, Scheme Shareholders will be sent the Scheme Consideration, being a cash amount of $13.32 per Amatil Share held as at the Scheme Record Date (that is, a cash amount of $13.50 less the cash amount of the 2H 2020 Dividend of $0.18 per Amatil Share) on the Implementation Date (currently expected to be 10 May 2021). Amatil Shareholders who hold Amatil Shares on the 2H 2020 Dividend Record Date (currently expected to be 19 April 2021) will receive the 2H 2020 Dividend (which is fully franked) on the 2H 2020 Dividend Payment Date (currently expected to be 30 April 2021) in respect of those Amatil Shares.[56] Scheme Shareholders who have validly registered their bank account details with the Amatil Share Registry before the Scheme Record Date may have their Scheme Consideration sent directly to their bank account. Otherwise, Scheme Shareholders will have their Scheme Consideration sent by cheque in Australian currency to their address shown on the Amatil Share Register.	Section 4.3 of this Scheme Booklet.
Will I have to pay brokerage?	You will not have to pay brokerage on the transfer of your Amatil Shares to CCEP Sub under the Scheme.	Section 1.2(j) of this Scheme Booklet.
Overview of the CCEP/TCCC Transaction		
What is the CCEP/TCCC Transaction?	The Amatil Shares held by TCCC Group (representing approximately 30.808% of the Amatil Shares on issue as at the date of this Scheme Booklet) will not be acquired by CCEP Group pursuant to the Scheme. Rather, it is proposed that these shares will be separately acquired by CCEP Sub under the Co-Operation and Sale Deed. Please refer to the answer to the question 'What consideration will TCCC receive for the sale of its Amatil Shares?' for information regarding the consideration TCCC Group will receive for the sale of its Amatil Shares to CCEP Group under the Co-Operation and Sale Deed.	Sections 5 and 10.6 of this Scheme Booklet.
Why does the Scheme not apply to the Amatil Shares held by TCCC Group?	CCEP and CCEP Sub have entered into the Co-Operation and Sale Deed for the acquisition of the Amatil Shares held by TCCC Group. The TCCC Amatil Shares will therefore not be acquired by CCEP Sub pursuant to the Scheme. The acquisition of the TCCC Amatil Shares under the Co-Operation and Sale Deed is conditional upon the Scheme becoming Effective. CCEP Group will therefore not acquire any shares held by TCCC Group under the Co-Operation and Sale Deed unless the Scheme is approved by Independent Amatil Shareholders and the Court.	Sections 5 and 10.6 of this Scheme Booklet.

56 Amatil may make changes to the 2H 2020 Dividend Record Date and/or 2H 2020 Dividend Payment Date in the event that the date for the Scheme Meeting is delayed or to ensure that the 2H 2020 Dividend is paid before the Scheme Record Date. Amatil will notify Amatil Shareholders of any changes to the 2H 2020 Dividend Record Date or 2H 2020 Dividend Payment Date by way of an announcement to the ASX.

Question	Answer	More information
What consideration will TCCC receive for the sale of its Amatil Shares?	**First Tranche Sale Shares** If the Scheme becomes Effective, TCCC Group will receive total cash consideration of $9.57 (less the cash amount of the 2H 2020 Dividend[57]) per Amatil Share for the First Tranche Sale Shares on the Implementation Date for the Scheme. The consideration offered to TCCC Group for the First Tranche Sale Shares is therefore materially lower than the total cash amount of $13.50 per Amatil Share offered to Independent Amatil Shareholders. **Second Tranche Sale Shares** If the Scheme becomes Effective, CCEP Group will have the option to elect to purchase the Second Tranche Sale Shares on the Implementation Date for the Scheme. Under the Co-Operation and Sale Deed, CCEP may elect to purchase the Second Tranche Sale Shares for: • cash (at $10.75 per Amatil Share less the cash amount of the 2H 2020 Dividend,[58] that is, less than the total cash amount of $13.50 offered to Independent Amatil Shareholders); • CCEP Shares (based on a conversion ratio of 0.19372 CCEP Shares for each Second Tranche Sale Share, with the ratio adjusted for the cash amount of the 2H 2020 Dividend,[59] which, based on the CCEP Share price as at the Last Practicable Date,[60] represents a value per TCCC Amatil Share that is less than the total cash amount of $13.50 per share offered to Independent Amatil Shareholders under the Scheme); or • a combination of such cash and CCEP Shares in proportions elected by CCEP Group. As at the date of this Scheme Booklet, CCEP has not made an election as to the number of Remaining Sale Shares it proposes to acquire on the Implementation Date in accordance with the Co-Operation and Sale Deed (which will form the Second Tranche Sale Shares). CCEP intends to elect that the consideration in respect of any Remaining Sale Shares which it elects to acquire at implementation of the Scheme will be in the form of cash rather than CCEP Shares. CCEP Sub has agreed with TCCC Group that the election as to the number of Remaining Sale Shares it will acquire will be made no later than 14 days prior to the date of the Scheme Meeting.[61]	Sections 5 and 10.6 of this Scheme Booklet.

57 The consideration will be reduced by any dividends determined or declared and paid to Amatil Shareholders on or before the Implementation Date other than any Post-30 June 2021 Dividend in line with historical payout ratios.

58 The consideration will be reduced by any dividends determined or declared and paid to Amatil Shareholders on or before the Implementation Date other than any Post-30 June 2021 Dividend in line with historical payout ratios.

59 The consideration will be reduced by any dividends determined or declared and paid to Amatil Shareholders on or before the Implementation Date other than any Post-30 June 2021 Dividend in line with historical payout ratios.

60 Based on CCEP's closing share price on the NYSE of US$52.89 on the Last Practicable Date and an AUD/USD exchange rate of AUD1=USD0.7709 (being the rate published by the Reserve Bank of Australia for the Last Practicable Date).

61 The Scheme Meeting is currently scheduled for 16 April 2021.

Question	Answer	More information
What consideration will TCCC receive for the sale of its Amatil Shares? *(cont)*	**Put Option** If CCEP does not purchase all of the remaining TCCC Amatil Shares on the Implementation Date, TCCC Group will remain a direct or indirect shareholder in Amatil of up to approximately 20% of the Amatil Shares on issue as at the date of this Scheme Booklet after the implementation of the Scheme, subject to the exercise of the Put Option by TCCC Group to sell those Amatil Shares to CCEP Group. Further detail about the Put Option and the consideration to be paid to TCCC Group under the Put Option is set out in section 5.2(c) of this Scheme Booklet. **Movements in CCEP share price** The only circumstance in which TCCC may receive CCEP Shares is if CCEP does not acquire all of the Sale Shares at implementation and TCCC exercises the Put Option. The number of CCEP Shares that TCCC Group will receive if it exercises the Put Option is fixed and determined by the formula set out in the Co-Operation and Sale Deed. However, the value of any CCEP Shares received by the TCCC Group under these arrangements will depend on the CCEP share price at the time of the exercise of the Put Option. Further details of the impact of the CCEP share price on the consideration under the CCEP/TCCC Transaction are set out in section 5.2(d) of this Scheme Booklet.	Sections 5 and 10.6 of this Scheme Booklet.
Will TCCC Group retain any of its Amatil Shares following implementation of the Scheme?	If CCEP does not purchase all of the remaining TCCC Amatil Shares on the Implementation Date, TCCC Group through TCCC Holder will remain a direct or indirect shareholder in Amatil of up to approximately 20% of the Amatil Shares on issue as at the date of this Scheme Booklet after the implementation of the Scheme, subject to any subsequent exercise of the Put Option by TCCC Group.	Sections 5 and 10.6 of this Scheme Booklet.
Will the CCEP/TCCC Transaction still proceed if the Scheme does not proceed?	No. The acquisition of the TCCC Amatil Shares under the Co-Operation and Sale Deed is conditional upon the Scheme becoming Effective. CCEP will therefore not acquire any shares held by TCCC Group under the Co-Operation and Sale Deed unless the Scheme becomes Effective. Other than with respect to any arm's length commercial conversations in the ordinary course of business unrelated to the terms of the Transaction, CCEP has also warranted to Amatil under the Scheme Implementation Deed that it has not entered into any other agreements, arrangements or understandings in relation to the securities, business, operations or assets of an Amatil Group Member or any other commercial or other arrangements related to an Amatil Group Member, any territory or jurisdiction in which the Amatil Group operates or the performance or conduct of the Amatil Group business, the CCEP/TCCC Transaction or the Scheme. A breach of this obligation may give Amatil the right to terminate the Scheme Implementation Deed in certain circumstances.	Sections 5, 10.5 and 10.6 of this Scheme Booklet.

Question	Answer	More information
Can the terms of the Co-Operation and Sale Deed be amended?	Under the Scheme Implementation Deed, from the Scheme Announcement Date until the Implementation Date, there are restrictions on CCEP terminating, amending or waiving certain conditions or other provisions in the Co-Operation and Sale Deed in certain circumstances as further detailed in section 5.4 of the Scheme Booklet. In addition, CCEP must immediately notify Amatil if any amendment or variation is made to the Co-Operation and Sale Deed or any condition precedent is waived. A breach of any of these obligations by CCEP may give Amatil the right to terminate the Scheme Implementation Deed in certain circumstances.	Sections 5 and 10.5 of this Scheme Booklet.
Have CCEP Group and TCCC Group entered into any other arrangements in connection with the Scheme, the Amatil Group or its businesses?	Other than the Co-Operation Letter and the Co-Operation and Sale Deed, or with respect to any arm's length commercial conversations in the ordinary course of business unrelated to the terms of the Scheme, as at the date of this Scheme Booklet, no CCEP Group Member has entered into any agreement, arrangement or understanding in relation to the securities, business, operations or assets of an Amatil Group Member (including in relation to the securities, business or operations or assets of an Amatil Group Member at or after the Implementation Date). Subject to the same qualifications, as at the date of this Scheme Booklet, CCEP has not entered into any other commercial or other arrangement related to Amatil or another Amatil Group Member, any territory or jurisdiction in which the Amatil Group operates or the performance of conduct of the Amatil Group business, the Scheme or the CCEP/TCCC Transaction. CCEP has given warranties to Amatil in respect of each of these matters in the Scheme Implementation Deed.	Sections 5, 10.5 and 10.6 of this Scheme Booklet.
Voting recommendations and considerations		
What do the Amatil Directors recommend?	In the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Independent Amatil Shareholders: • the Amatil Related Party Committee, comprised of all of the Amatil Independent Non-Executive Directors (excluding the TCCC Nominee Amatil Directors), unanimously recommends that Independent Amatil Shareholders vote in favour of the Scheme; and • the Amatil Group Managing Director, Ms Alison Watkins, recommends that Independent Amatil Shareholders vote in favour of the Scheme. Mr Jorge Garduño and Mr Krishnakumar Thirumalai, TCCC's nominee directors on the Amatil Board, are directors and/or senior executives of TCCC Group. In particular, Mr Garduño is President and Representative Director, Coca-Cola Japan Company Limited and Coca-Cola Korea Company Limited and Mr Thirumalai is Chairman of Coca-Cola India. As such, Mr Garduño and Mr Thirumalai have not participated in the consideration of the Scheme and each of them does not consider himself justified in making a recommendation in relation to the Scheme.	Letter from the Chairman of Coca-Cola Amatil Limited and sections 1 and 4 of this Scheme Booklet.

Question	Answer	More information
What do the Amatil Directors recommend? *(cont)*	The reasons for the Amatil Related Party Committee's recommendation, the recommendation of the Amatil Group Managing Director, and other relevant considerations you may wish to take into account are set out in section 1 of this Scheme Booklet. The interests of the Amatil Group Managing Director, Ms Alison Watkins, and the other Amatil Directors are disclosed in section 10 of this Scheme Booklet. Independent Amatil Shareholders should have regard to these interests when considering how to vote on the Scheme, including Ms Watkins' recommendation on the Scheme, which appears throughout this Scheme Booklet.[62]	Letter from the Chairman of Amatil and sections 1 and 4 of this Scheme Booklet.
What are the intentions of the Amatil Related Party Committee Members and the Amatil Group Managing Director?	In the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Independent Amatil Shareholders: • each Amatil Related Party Committee Member intends to vote, or procure the voting of, the Amatil Shares they own or control at the time of the Scheme Meeting in favour of the Scheme at the Scheme Meeting; and • the Amatil Group Managing Director, Ms Alison Watkins, intends to vote, or procure the voting of, the Amatil Shares she owns or controls at the time of the Scheme Meeting in favour of the Scheme at the Scheme Meeting. The interests of the Amatil Directors (including the Amatil Related Party Committee Members and the Amatil Group Managing Director) in Amatil Shares are set out in section 10.1 of this Scheme Booklet.	Letter from the Chairman of Coca-Cola Amatil Limited and section 1.2(d) of this Scheme Booklet.
What is the conclusion of the Independent Expert?	The Independent Expert has concluded that the Scheme is fair and reasonable and accordingly is in the best interests of Independent Amatil Shareholders, in the absence of a superior proposal. The Independent Expert has assessed the full underlying value of Amatil at between \$12.68 and \$14.01 per Amatil Share. The total cash amount of \$13.50 per Amatil Share offered to Independent Amatil Shareholders is within the upper half of this range. A copy of the Independent Expert's Report is included in Annexure 1. You are encouraged to read the Independent Expert's Report in its entirety.	Annexure 1 of this Scheme Booklet.

62 Following the exercise of the Amatil Board's (excluding Ms Watkins, Mr Garduño and Mr Thirumalai) discretions, subject to the Scheme becoming Effective, the Amatil Group Managing Director, Ms Alison Watkins, will be entitled to receive $9,882,747 in connection with the early vesting of her unvested Amatil Equity Incentives and the early release from restrictions of her Amatil Restricted Shares. The Amatil Related Party Committee considers that, despite these arrangements, it is appropriate for Ms Watkins to make a recommendation on the Scheme given her role in the operation and management of Amatil and that Independent Amatil Shareholders would wish to know Ms Watkins' views in relation to the Scheme. Ms Watkins also considers that it is appropriate for her to make a recommendation on the Scheme. Section 10 of this Scheme Booklet contains further information on the proposed treatment of Ms Watkins' Amatil Equity Incentives if the Scheme does not become Effective.

Question	Answer	More information
What if the Independent Expert changes its conclusion?	If the Independent Expert changes its opinion, this will be announced to the ASX. In such circumstances, the Amatil Related Party Committee and the Amatil Group Managing Director will consider the Independent Expert's revised opinion and advise Amatil Shareholders of their recommendation. The Amatil Related Party Committee and Amatil Group Managing Director may adversely change, withdraw, or adversely modify their recommendation, and Amatil may terminate the Scheme Implementation Deed without paying the Reimbursement Fee to CCEP, if in any update of, or any revision, amendment or supplement to, the Independent Expert's Report, the Independent Expert concludes that the Scheme is no longer fair and reasonable and/or in the best interests of Independent Amatil Shareholders (except where that conclusion is due to a Competing Proposal).	Section 10.5 of this Scheme Booklet.
What choices do I have as an Independent Amatil Shareholder?	As an Independent Amatil Shareholder who is eligible to vote at the Scheme Meeting, you have the following choices in relation to your Amatil Shares: • vote in favour of the Scheme at the Scheme Meeting; • vote against the Scheme at the Scheme Meeting; • sell your Amatil Shares on the ASX; or • do nothing.	Section 4.5 of this Scheme Booklet.
Why might you vote in favour of the Scheme?	The reasons why you may vote in favour of the Scheme are set out in section 1.2 of this Scheme Booklet. A summary of the reasons why you may vote in favour of the Scheme is also set out in section 1.1 of this Scheme Booklet.	Sections 1.1 and 1.2 of this Scheme Booklet.
What are the reasons why you may not support the Scheme and may consider voting against the Scheme?	The reasons why you might consider voting against the Scheme are set out in section 1.3 of this Scheme Booklet. A summary of the reasons why you may consider voting against the Scheme is also set out in section 1.1 of this Scheme Booklet.	Sections 1.1 and 1.3 of this Scheme Booklet.
Is TCCC Group entitled to participate in or vote at the Scheme Meeting?	The Amatil Shares held by TCCC Group are proposed to be acquired by CCEP Group under the Co-Operation and Sale Deed, rather than pursuant to the Scheme. Under the Co-Operation and Sale Deed, TCCC and TCCC Holder have agreed that members of TCCC Group will be excluded from participating in and voting on the Scheme.	Section 10.6 of this Scheme Booklet.

Question	Answer	More information
Conditions to the Scheme		
Are there any conditions to the Scheme?	Yes. The Scheme is subject to various Conditions Precedent that must be satisfied or waived (if capable of waiver) in order for the Scheme to be implemented. These Conditions Precedent are summarised in section 10.5(d) of this Scheme Booklet and set out in full in clause 3.1 of the Scheme Implementation Deed. The Conditions Precedent include approval from the Australian Foreign Investment Review Board (**FIRB**). As announced by Amatil to the ASX on 1 February 2021, on 29 January 2021, FIRB determined that the Commonwealth has no objection to CCEP Sub acquiring up to a 100% interest in Amatil. As a result, the FIRB Condition Precedent to the Scheme has been satisfied. As at the date of this Scheme Booklet, Amatil is not aware of any circumstances which would cause any outstanding Condition Precedent not to be satisfied or waived (if capable of waiver). However, please see the answer to the question 'Are there any regulatory approvals required for the Scheme to become Effective?' in relation to the OIO Condition Precedent.	Sections 4.4 and 10.5(d) of this Scheme Booklet.
What is required for the Scheme to become Effective?	The Scheme will become Effective if: • the Scheme is approved by the Requisite Majorities of Independent Amatil Shareholders at the Scheme Meeting to be held on 16 April 2021; • the Court approves the Scheme at the Second Court Hearing; and • all of the other Conditions Precedent to the Scheme are satisfied or waived (if capable of waiver).	Sections 4.4, 4.7 and 10.5(d) of this Scheme Booklet.
Are there any regulatory approvals required for the Scheme to become Effective?	Yes. The Scheme is subject to approval from FIRB and the OIO. As noted above, and announced by Amatil to the ASX on 1 February 2021, on 29 January 2021, FIRB determined that the Commonwealth has no objection to CCEP Sub acquiring up to a 100% interest in Amatil. As a result, the FIRB Condition Precedent to the Scheme has been satisfied. As at the date of this Scheme Booklet, the OIO Condition Precedent remains outstanding. Amatil understands that the OIO has advised CCEP that the New Zealand Minister of Finance requires the OIO consent application in relation to the Scheme to undergo a national interest assessment. While Amatil is not aware of any circumstances which would cause the OIO Condition Precedent not to be satisfied as at the date of this Scheme Booklet, it is possible the OIO approval required for the Scheme to proceed may be delayed and that this may result in a delay to the date of the Scheme Meeting. Independent Amatil Shareholders should note that the OIO Condition Precedent will need to be satisfied in order for the Scheme to proceed. The Scheme is not conditional upon any other regulatory approvals.	Sections 10.5(d) and 10.10 of this Scheme Booklet.

Question	Answer	More information
When and where will the Scheme Meeting be held?	The Scheme Meeting of Independent Amatil Shareholders will be held at 10.00am (Sydney time) on Friday 16 April 2021. Independent Amatil Shareholders and their authorised proxies, attorneys and corporate representatives may attend and participate in the Scheme Meeting online at https://agmlive.link/CCLSM21. Independent Amatil Shareholders who participate in the Scheme Meeting via the online platform will be able to watch the Scheme Meeting, cast an online vote and ask questions online in real time. It is recommended that Independent Amatil Shareholders login to the online platform at least 15 minutes prior to the scheduled start time for the Scheme Meeting. Please monitor Amatil's website and ASX announcements where updates will be provided if it becomes necessary or appropriate to make alternative arrangements for the holding or conduct of the meeting. Please see the Notice of Scheme Meeting in Annexure 4 and the Scheme Meeting Online Guide (which has been released to the ASX and will be available at https://www.ccamatil.com/au/Investors/ASX-announcements) for further details relating to the conduct of the Scheme Meeting. The Scheme Meeting may be postponed or adjourned, including if satisfaction of a Condition Precedent is delayed. Any such postponement or adjournment will be announced by Amatil to the ASX.	Annexure 4 of this Scheme Booklet.
What will Independent Amatil Shareholders be asked to vote on at the Scheme Meeting?	At the Scheme Meeting, Independent Amatil Shareholders will be asked to vote on whether or not to approve the Scheme.	Annexure 4 of this Scheme Booklet.
What is the approval threshold for the Scheme?	In order to become Effective, the Scheme must be approved by the Requisite Majorities of Independent Amatil Shareholders, being: • unless the Court orders otherwise, a majority in number (more than 50%) of Independent Amatil Shareholders present and voting at the Scheme Meeting (either in person or by proxy, attorney or, in the case of corporate Independent Amatil Shareholders, body corporate representative); and • at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Independent Amatil Shareholders present and voting (either in person or by proxy, attorney or, in the case of corporate Independent Amatil Shareholders, body corporate representative). The Independent Amatil Shareholders do not include members of TCCC Group, who are excluded from, and not permitted to vote on or participate in, the Scheme. The TCCC Amatil Shares are proposed to be separately acquired by CCEP Group under the Co-Operation and Sale Deed. Even if the Scheme is approved by the Requisite Majorities of Independent Amatil Shareholders at the Scheme Meeting, the Scheme is still subject to the approval of the Court.	Section 4.7 of this Scheme Booklet.

Question	Answer	More information
Am I entitled to vote at the Scheme Meeting?	If you are registered as an Amatil Shareholder (and are not an Excluded Shareholder) on the Amatil Share Register as at 7.00pm (Sydney time) on 14 April 2021, you will be entitled to attend and vote at the Scheme Meeting. Please note that the Excluded Shareholders (which include members of TCCC Group) are excluded from the Scheme and are not permitted to vote on the Scheme.	Section 3.2(b) and Annexure 4 of this Scheme Booklet.
How can I vote if I can't, or do not wish to, attend the Scheme Meeting?	If you would like to vote but cannot, or do not wish to, attend the Scheme Meeting via the online platform, or will not have access to a device or the internet, you can vote by appointing a proxy (including by lodging your proxy form online at www.linkmarketservices.com.au) or an attorney to attend and vote on your behalf. You may also vote by body corporate representative if that option is applicable to you.	Section 3.2(a) and Annexure 4 of this Scheme Booklet.
When will the results of the Scheme Meeting be known?	The results of the Scheme Meeting are expected to be available shortly after the conclusion of the Scheme Meeting and will be announced to the ASX (www2.asx.com.au) once available.	N/A.
What happens if Independent Amatil Shareholders or the Court do not approve the Scheme or the Scheme does not otherwise proceed?	If the Scheme is not approved at the Scheme Meeting, or if it is approved at the Scheme Meeting but is not approved by the Court or a Condition Precedent is not fulfilled or otherwise waived (if capable of waiver), then the Scheme will not become Effective and will not be implemented. In such a scenario, the CCEP/TCCC Transaction will not proceed as it is conditional on the Scheme becoming Effective. Other than with respect to any arm's length commercial conversations in the ordinary course of business unrelated to the terms of the Transaction, CCEP has also warranted to Amatil under the Scheme Implementation Deed that it has not entered into any other agreements, arrangements or understandings in relation to the securities, business, operations or assets of an Amatil Group Member or any other commercial or other arrangements related to an Amatil Group Member, any territory or jurisdiction in which the Amatil Group operates or the performance or conduct of the Amatil Group business, the CCEP/TCCC Transaction or the Scheme. If the Scheme does not become Effective or is not implemented, the Amatil Group will continue to operate as a standalone group listed on the ASX. In that scenario, Independent Amatil Shareholders will not receive the Scheme Consideration but will retain their Amatil Shares. Similarly, TCCC Group will not receive any consideration under the Co-Operation and Sale Deed and will retain its Amatil Shares. Amatil Shareholders will remain exposed to the various risks associated with Amatil and its business. Depending on the reason for the Scheme not proceeding, Amatil may be liable to pay the Reimbursement Fee to CCEP of $46,400,000 (excluding GST). No Reimbursement Fee would be payable, however, if the Scheme does not proceed for the sole reason that Independent Amatil Shareholders do not pass the Scheme Resolution at the Scheme Meeting or the Court does not approve the Scheme. Please also refer to the answer to the question 'Is there a reimbursement fee?' below for further information in relation to the Reimbursement Fee.	Sections 4.4, 4.6, 8, 10.5(d)and 10.5(p) of this Scheme Booklet.

Question	Answer	More information
What happens to my Amatil Shares if I do not vote, or if I vote against the Scheme, and the Scheme becomes Effective and is implemented?	If you do not vote, or vote against the Scheme, and the Scheme becomes Effective and is implemented, any Scheme Shares held by you on the Scheme Record Date (currently expected to be 7.00pm (Sydney time) on 3 May 2021 or such other time and date as Amatil, CCEP and CCEP Sub agree in writing) will be transferred to CCEP Sub and you will receive the Scheme Consideration, despite not having voted or having voted against the Scheme. If the Scheme is not approved by the Requisite Majorities of Independent Amatil Shareholders or the Court, Amatil will remain an independent company and you will remain an Amatil Shareholder.	Sections 4.5 and 4.7(a) of this Scheme Booklet.
When will the Scheme become Effective and when will it be implemented?	Subject to satisfaction or waiver (if capable of waiver) of the Conditions Precedent, the Scheme will become Effective on the Effective Date (currently expected to be 21 April 2021) and will be implemented on the Implementation Date (currently expected to be 10 May 2021).	Sections 4.7(c) and 4.7(g) of this Scheme Booklet.
2H 2020 Dividend and any 1H 2021 Dividend		
What is the 2H 2020 Dividend?	On 18 February 2021, Amatil announced that the Amatil Board had declared a final dividend of $0.18 per Amatil Share in respect of 2H 2020. The 2H 2020 Dividend is fully franked and has been set at a level that allows available franking credits to be returned to Australian shareholders. Independent Amatil Shareholders will receive the 2H 2020 Dividend if they are Amatil Shareholders on the 2H 2020 Dividend Record Date. As at the date of this Scheme Booklet, the 2H 2020 Dividend Record Date is 19 April 2021 (which is expected to be after the date of the Scheme Meeting currently scheduled for 16 April 2021) and the 2H 2020 Dividend Payment Date is 30 April 2021.[63]	Section 4.2 of this Scheme Booklet.

63 Amatil may make changes to the 2H 2020 Dividend Record Date and/or 2H 2020 Dividend Payment Date in the event that the date for the Scheme Meeting is delayed or to ensure that the 2H 2020 Dividend is paid before the Scheme Record Date. Amatil will notify Amatil Shareholders of any changes to the 2H 2020 Dividend Record Date or 2H 2020 Dividend Payment Date by way of an announcement to the ASX.

Question	Answer	More information
Will I receive any further dividends from Amatil?	As at the date of this Scheme Booklet, Amatil does not expect to determine, declare or pay any further dividends (other than the 2H 2020 Dividend) before the Scheme Record Date if the Scheme is implemented before 30 August 2021. If the Scheme is not implemented by 30 August 2021, Amatil may declare and pay a 1H 2021 Dividend, being an interim dividend in respect of the half year ending 30 June 2021 before the Scheme Record Date, subject to certain requirements set out in the Scheme Implementation Deed. These include that such dividend must be declared or determined by Amatil on or after 30 August 2021, must be in line with historical payout ratios and is capped at 15 cents per Amatil Share. The Scheme Consideration will not be reduced by any 1H 2021 Dividend, meaning that Independent Amatil Shareholders will receive any such dividend in addition to the Scheme Consideration if they are Amatil Shareholders on the record date for any 1H 2021 Dividend. The declaration or payment of any 1H 2021 Dividend is not a certainty, but Amatil retains the discretion to do so. The amount of franking of any 1H 2021 Dividend would also be determined at the time any dividend is declared and in accordance with the requirements of the Scheme Implementation Deed.	Section 4.2 of this Scheme Booklet.
Will TCCC receive any further dividends from Amatil?	As with other Amatil Shareholders, TCCC Holder is entitled to the 2H 2020 Dividend and any 1H 2021 Dividend declared or determined and paid by Amatil on or before the Scheme Record Date in respect of its TCCC Amatil Shares, provided it continues to hold those shares on the relevant dividend record dates. The consideration payable to TCCC Group under the Co-Operation and Sale Deed will be reduced by the cash amount of the 2H 2020 Dividend,[64] as with the Scheme. However, as with the Scheme Consideration, the consideration to be paid to TCCC Group under the Co-Operation and Sale Deed will not be reduced by the cash amount of any 1H 2021 Dividend which will be in addition to such consideration.	Sections 5 and 10.6 of this Scheme Booklet.
Will the 2H 2020 Dividend be franked?	Yes. The 2H 2020 Dividend is fully franked and has been set at a level that allows available franking credits to be returned to Australian shareholders. The franking credits attached to the 2H 2020 Dividend will represent additional value to those Amatil Shareholders who are able to realise a tax benefit from those franking credits and who are Amatil Shareholders on the 2H 2020 Dividend Record Date.[65] In assessing the value of the 2H 2020 Dividend, you should seek independent professional taxation advice as to whether or not the receipt of the 2H 2020 Dividend and any entitlement to franking credits attached to it is beneficial to you based on your own particular circumstances. Please refer to section 9 of this Scheme Booklet for a general summary of the Australian taxation consequences for Scheme Shareholders.	Section 4.2 of this Scheme Booklet.

64 The consideration will be reduced by any dividends determined or declared and paid to Amatil Shareholders on or before the Implementation Date other than any Post-30 June 2021 Dividend in line with historical payout ratios.

65 The Scheme Consideration will not be reduced by the value attributed to any franking credits attached to the 2H 2020 Dividend or any 1H 2021 Dividend.

Question	Answer	More information
Will any 1H 2021 Dividend be franked?	The amount of franking of any 1H 2021 Dividend will be determined at the time the relevant dividend is declared and in accordance with the requirements of the Scheme Implementation Deed.	Section 4.2 of this Scheme Booklet.
Other questions		
What are the taxation implications of the Scheme?	The taxation implications of the Scheme will depend on your particular circumstances. Section 9 of this Scheme Booklet provides a general summary of the Australian taxation consequences for Scheme Shareholders. You should seek independent professional taxation advice with respect to your particular circumstances.	Section 9 of this Scheme Booklet.
How will the Amatil Equity Incentives and Amatil Restricted Shares be treated under the Scheme?	Under the Scheme Implementation Deed, Amatil must ensure that all Amatil Equity Incentives which are not Amatil Shares have either lapsed or vested and converted into Amatil Shares such that there are no outstanding Amatil Equity Incentives which are not Amatil Shares on issue as at the Scheme Record Date. In compliance with Amatil's obligations under the Scheme Implementation Deed and to reflect that Amatil will no longer be an ASX listed company following implementation of the Scheme, the Amatil Board (excluding Ms Watkins, Mr Garduño and Mr Thirumalai) has resolved, in accordance with the terms agreed between Amatil, CCEP and CCEP Sub under and pursuant to the Scheme Implementation Deed, to, subject to the Scheme becoming Effective: • vest all unvested rights under the 2019-2021 LTIP and the 2020-2022 LTIP in full, before the Scheme Record Date and settle these awards in cash[66] or shares; • release all restricted Amatil Matching Shares from restrictions before the Scheme Record Date; and • release all restricted Amatil Shares held under the Post Tax Share Purchase Plan from restrictions before the Scheme Record Date. The Amatil Board (excluding Ms Watkins, Mr Garduño and Mr Thirumalai) has also approved certain arrangements in connection with the 2020 STIP and 2021 STIP as agreed between Amatil and CCEP and set out in further detail in section 10.3 of this Scheme Booklet.	Section 10.3 of this Scheme Booklet

66 Up to a maximum of $13.50 per share right, less the amount of the 2H 2020 Dividend of $0.18 per Amatil Share.

Question	Answer	More information
What happens if a Competing Proposal is received?	If a Competing Proposal is received, the Amatil Related Party Committee will carefully consider it. There are limited "no talk" provisions in the Scheme Implementation Deed that restrict Amatil's ability to participate in negotiations or discussions in relation to a Competing Proposal (subject to a fiduciary exception). The Scheme Implementation Deed does not include the customary obligation for a target company to not directly or indirectly solicit, initiate or encourage any competing proposal (a "no shop" obligation). In considering the probability of a Competing Proposal being received, Independent Amatil Shareholders should be mindful of the nature and size of TCCC Group's shareholding in Amatil (which equates to approximately 30.808% of the issued share capital of Amatil as at the date of this Scheme Booklet) and the change of control provisions in bottling and distribution agreements between members of TCCC Group and the Amatil Group. These factors limit the range of potential acquirers of Amatil and may mean that it is less likely that a Competing Proposal will be received than in other transactions. Such factors may also impact any premium offered for control under any Competing Proposal.	Section 10.5(o) of this Scheme Booklet.
What happens if a Superior Proposal emerges?	Since the proposed Scheme was announced on 26 October 2020 and up until the date of this Scheme Booklet, no Superior Proposal from a person other than the CCEP Group has emerged. In addition, neither the Amatil Related Party Committee nor the Amatil Group Managing Director is aware, as at the date of this Scheme Booklet, of any Superior Proposal that is likely to emerge. If a Competing Proposal is received, the Amatil Related Party Committee will carefully consider it. It is possible that, if Amatil were to continue as an independent company, a Superior Proposal for Amatil may materialise in the future. In considering the probability of a Superior Proposal emerging, Independent Amatil Shareholders should be mindful of the nature and size of TCCC Group's shareholding in Amatil (which equates to approximately 30.808% of the issued share capital of Amatil as at the date of this Scheme Booklet) and the change of control provisions in bottling and distribution agreements between members of TCCC Group and the Amatil Group. These factors limit the range of potential acquirers of Amatil and may mean that it is less likely that a Superior Proposal will emerge than in other transactions.	Section 10.5(o) of this Scheme Booklet.

Question	Answer	More information
Is there a reimbursement fee?	Under the Scheme Implementation Deed, the Reimbursement Fee of $46,400,000 (excluding GST) will be payable by Amatil to CCEP if: • before the earlier of the date the Scheme becomes Effective, 30 September 2021 or the date the Scheme Implementation Deed is terminated, a majority of the Non-TCCC Amatil Directors fails to recommend, withdraws, adversely changes or adversely modifies their recommendation in relation to the Scheme, or makes a public statement indicating they no longer recommend the Scheme or recommend Independent Amatil Shareholders accept or vote in favour of a Competing Proposal that is announced, provided that CCEP has terminated the Scheme Implementation Deed, other than in certain circumstances, including where the Independent Expert concludes that the Scheme is not fair and reasonable and/or not in the best interests of Independent Amatil Shareholders; • a Competing Proposal is announced prior to the Second Court Date and completes within 6 months in certain circumstances; or • CCEP has terminated the Scheme Implementation Deed for an unremedied material breach of the Scheme Implementation Deed by Amatil (which is material in the context of the Scheme as a whole) in certain circumstances. The failure of a Condition Precedent to be satisfied or waived (if capable of waiver), including the failure to pass the resolution approving the Scheme by the Requisite Majorities or the failure of the Court to approve the Scheme, will not trigger the payment of the Reimbursement Fee by Amatil.	Section 10.5(p) of this Scheme Booklet.
Can I sell my Amatil Shares now?	Yes. You can sell your Amatil Shares on market at any time before the close of trading on the ASX on the Effective Date at the then prevailing market price (which may vary from the Scheme Consideration). Amatil intends to apply to the ASX for Amatil Shares to be suspended from trading on the ASX from close of trading on the Effective Date. You will not be able to sell your Amatil Shares on market after this date. If you sell your Amatil Shares on market, you may pay brokerage on the sale, you will not receive the Scheme Consideration and there may be different tax consequences compared to those that would arise if you retain those shares until the Scheme is implemented.	Section 4.5 of this Scheme Booklet.

Question	Answer	More information
Will I have to give any warranties in connection with the Scheme?	Yes. Each Scheme Shareholder is taken to have warranted to Amatil and CCEP Sub on the Implementation Date that: 1 all their Amatil Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from various encumbrances and interests of third parties, and restrictions on transfer; 2 they have full power and capacity to transfer their Scheme Shares to CCEP Sub together with any rights and entitlements attaching to those shares; and 3 they have no existing right to be issued any Amatil Shares, Amatil Equity Incentives or any other Amatil equity securities.	Section 4.8 of this Scheme Booklet.
What if I have further questions about the Scheme?	For further information, please contact the Amatil Shareholder Information Line on 1300 671 080 (within Australia) or +61 2 8022 7955 (outside of Australia), between 9.00am and 5.00pm (Sydney time), Monday to Friday (excluding public holidays). You should consult your broker, financial, legal, accounting, taxation and/or other professional adviser about the Transaction before deciding whether or not to vote in favour of the Scheme, or if you are any doubt about anything in this Scheme Booklet.	N/A.
What are the risks associated with the Amatil business?	Amatil is exposed to a number of risks and uncertainties, including those set out in section 8 of this Scheme Booklet, which may adversely affect the ability of Amatil to deliver value to Independent Amatil Shareholders. If the Scheme proceeds, Independent Amatil Shareholders will receive the Scheme Consideration, will cease to hold Amatil Shares and will also no longer be exposed to such risks. However, by forgoing these risks, Independent Amatil Shareholders will also be forgoing any opportunities or potential benefits associated with these risks in the future. If the Scheme does not proceed, Independent Amatil Shareholders will continue to hold Amatil Shares and continue to be exposed to both the potential benefits and risks associated with an investment in Amatil. You should carefully consider the risk factors set out in section 8 of this Scheme Booklet, as well as the other information contained in this Scheme Booklet before making any decision in relation to the Scheme.	Section 8 of this Scheme Booklet.

3. WHAT YOU SHOULD DO AND VOTING ON THE SCHEME

3.1 What you should do

(a) **Carefully read and consider this Scheme Booklet**

This is an important document. You should carefully read this Scheme Booklet in its entirety (including the Independent Expert's Report included in Annexure 1) before deciding whether or not to vote in favour of the Scheme.

If you have any questions, please contact the Amatil Shareholder Information Line on 1300 671 080 (within Australia) or +61 2 8022 7955 (outside of Australia) between 9.00am and 5.00pm (Sydney time), Monday to Friday (excluding public holidays).

You should consult your financial, legal, accounting, taxation and/or other professional adviser about the Transaction before deciding whether or not to vote in favour of the Scheme or if you are in any doubt as to what you should do.

A copy of this Scheme Booklet may be obtained by anyone entitled to attend the Scheme Meeting from the 'Investors' section of the Amatil website (https://www.ccamatil.com/au/Investors) or the ASX website (www2.asx.com.au) or by calling the Amatil Shareholder Information Line (using the details above).

(b) **Consider the reasons to vote for or against the Scheme**

Please refer to section 1.2 of this Scheme Booklet for a discussion of the reasons why you may vote in favour of the Scheme and section 1.3 of this Scheme Booklet for a discussion of the reasons why you may consider voting against the Scheme.

Answers to various frequently asked questions about the Scheme are set out in section 2 of this Scheme Booklet.

(c) **Your shareholder details with the Amatil Share Registry**

If you are an Amatil Shareholder, you should ensure your personal contact and bank account details are up to date in the records held by the Amatil Share Registry or in your trading account.

3.2 Voting on the Scheme

(a) **Your vote is important**

In order for the Scheme to be implemented, the Scheme Resolution must be approved by Independent Amatil Shareholders by the Requisite Majorities at the Scheme Meeting.

If you are unable to, or do not wish to, attend the Scheme Meeting online, or will not have access to a device or the internet, you are encouraged to lodge a directed proxy vote by completing and submitting the proxy form in accordance with the instructions given on that form. To be effective, your proxy appointment must be received by the Amatil Share Registry by **10.00am (Sydney time) on Wednesday, 14 April 2021**.

(b) **Who is entitled to vote?**

If you are registered on the Amatil Share Register at 7.00pm (Sydney time) on Wednesday, 14 April 2021, you will be entitled to vote on the Scheme.

Members of TCCC Group are excluded from the Scheme and are not entitled to participate in or vote on the Scheme. As noted throughout this Scheme Booklet, the Amatil Shares held by TCCC Group are proposed to be separately acquired by CCEP Group pursuant to the Co-Operation and Sale Deed.

Information on entitlements to vote, including if you are a joint holder of Amatil Shares, is contained in the Notice of Scheme Meeting which is attached as Annexure 4.

(c) **Location and details of the Scheme Meeting**

The Scheme Meeting will be held as a virtual meeting. The details of the Scheme Meeting are as follows:

- Date: Friday 16 April 2021
- Time: 10.00am (Sydney time)
- Location: via the online platform at https://agmlive.link/CCLSM21.

Please see the Notice of Scheme Meeting in Annexure 4 for further details relating to the conduct of the Scheme Meeting.

(d) **Notice of Scheme Meeting**

The Notice of Scheme Meeting is contained in Annexure 4.

(e) **How to vote?**

Voting at the Scheme Meeting will be conducted by poll.

If you are an Independent Amatil Shareholder entitled to vote at the Scheme Meeting, you may vote:

- **in person**, by attending the Scheme Meeting online and voting via the online platform at https://agmlive.link/CCLSM21;
- **by proxy**, by completing and submitting the proxy form in accordance with the instructions set out on the form. To be effective, your proxy appointment must be received by the Amatil Share Registry by **10.00am (Sydney time) on Wednesday, 14 April 2021**;
- by attorney, by appointing an attorney to attend and vote at the Scheme Meeting on your behalf and providing a duly executed power of attorney to the Amatil Share Registry by **10.00am (Sydney time) on Wednesday, 14 April 2021**; or
- **by corporate representative**, in the case of a body corporate, by appointing a corporate representative to attend and vote at the Scheme Meeting on your behalf and providing a duly executed certificate of appointment (in accordance with sections 250D and 253B of the Corporations Act) prior to the Scheme Meeting.

Further information on how to vote using each of these methods is contained in the Notice of Scheme Meeting attached as Annexure 4.

If you are in favour of the Scheme, you should vote in favour of the Scheme. If you are not in favour of the Scheme, you should consider voting against the Scheme. You should consult your financial, legal, accounting, taxation and/or other professional adviser about the Scheme before deciding whether or not to vote in favour of the Scheme or if you are in any doubt as to what you should do.

The Scheme will not be implemented unless the Scheme is approved by the Requisite Majorities of Independent Amatil Shareholders at the Scheme Meeting.

4. OVERVIEW OF THE SCHEME

4.1 Background to the Scheme

On 4 November 2020, Amatil, CCEP and CCEP Sub entered into the Scheme Implementation Deed, under which the parties have agreed to implement the Scheme between Amatil and the Scheme Shareholders. A full copy of the Scheme Implementation Deed was attached to Amatil's announcement to the ASX relating to the Scheme on 4 November 2020.

A summary of the key terms of the Scheme Implementation Deed is set out in section 10.5 of this Scheme Booklet. A full copy of the Scheme Implementation Deed can also be obtained from the ASX website (www2.asx.com.au).

4.2 Overview of the Scheme Consideration, 2H 2020 Dividend and any 1H 2021 Dividend

(a) **Scheme Consideration, 2H 2020 Dividend and any 1H 2021 Dividend**

Overview of Scheme Consideration and 2H 2020 Dividend

Under the Scheme, Independent Amatil Shareholders will be entitled to receive $13.50 cash for each Amatil Share that they own as at the Scheme Record Date, less the cash amount[67] of the 2H 2020 Dividend of $0.18 per Amatil Share declared by the Amatil Board and announced by Amatil to the ASX on 18 February 2021. CCEP has declared that this is its best and final offer.[68]

Accordingly, if you:

1 hold Amatil Shares on the 2H 2020 Dividend Record Date (currently expected to be 19 April 2021) you will receive the 2H 2020 Dividend (which is fully franked) on the 2H 2020 Dividend Payment Date (currently expected to be 30 April 2021) in respect of those Amatil Shares[69]; and

2 continue to hold Amatil Shares on the Scheme Record Date (currently expected to be 7.00pm (Sydney time) on 3 May 2021 or such other time and date as Amatil, CCEP and CCEP Sub agree in writing) you will then receive $13.32 per Amatil Share under the Scheme in respect of those Amatil Shares.

To ensure you receive total cash of $13.50 in relation to each of your Amatil Shares, you must own those Amatil Shares on both the 2H 2020 Dividend Record Date and the Scheme Record Date. For any Amatil Shares you own on the Scheme Record Date but not on the 2H 2020 Dividend Record Date, you will only receive consideration of $13.32 under the Scheme for those Amatil Shares and will not be entitled to the 2H 2020 Dividend of $0.18 per Amatil Share.

Possible 1H 2021 Dividend

Prior to the Scheme being implemented, Amatil is not permitted to declare or pay any other dividends other than a 1H 2021 Dividend, provided that such dividend is declared or determined by Amatil on or after 30 August 2021, paid before the Scheme Record Date in line with historical payout ratios and is up to a maximum of 15 cents per Amatil Share.

67 For this purpose, the cash amount of the dividend will be taken to be the cash amount as declared or determined to be paid by Amatil with no reduction or offset for any dividend withholding tax, any withholding on account of non-quotation of an ABN or TFN or any other withholding or reduction in the amount received by any Amatil Shareholder.

68 Under ASIC's 'truth in takeovers' policy, in general terms, this means that CCEP will not be able to further increase the proposed offer price under the Scheme.

69 Amatil may make changes to the 2H 2020 Dividend Record Date and/or 2H 2020 Dividend Payment Date in the event that the date for the Scheme Meeting is delayed or to ensure that the 2H 2020 Dividend is paid before the Scheme Record Date. Amatil will notify Amatil Shareholders of any changes to the 2H 2020 Dividend Record Date or 2H 2020 Dividend Payment Date by way of an announcement to the ASX.

Under the Scheme Implementation Deed, Amatil is permitted to declare and pay any 1H 2021 Dividend provided that:

- Amatil and CCEP consult in good faith as to the amount and franking of any such dividend prior to its declaration or announcement;
- Amatil does not declare or announce any such dividend without the prior written consent of CCEP where payment would result in or contribute to the franking account being in deficit at the start of the Implementation Date and, in the reasonable opinion of CCEP, the payment of that dividend would give rise to any liability to franking deficit tax that cannot be offset in full against income tax, or otherwise prevent CCEP electing to acquire all the shares in Amatil on or after the Implementation Date without incurring a reduction in the offset; and
- the relevant dividend is paid in accordance with the Corporations Act.

Any such dividend may, at Amatil's election, but subject to the terms above, also be partially or fully franked.

If the Scheme is not implemented by 30 August 2021 and Amatil declares and pays any 1H 2021 Dividend, the Scheme Consideration will not be reduced by that dividend, meaning that Independent Amatil Shareholders will receive any such dividend in addition to the Scheme Consideration if they are Amatil Shareholders on the record date for any 1H 2021 Dividend.

The 2H 2020 Dividend and any 1H 2021 Dividend are not conditional on the Scheme. The 2H 2020 Dividend will be paid, and any 1H 2021 Dividend may be paid, to Amatil Shareholders (including TCCC Group) irrespective of whether the Scheme proceeds. However, the declaration or payment of any 1H 2021 Dividend is not a certainty, but Amatil retains the discretion to do so.

As at the date of this Scheme Booklet, the Implementation Date is anticipated to be 10 May 2021.[70]

(b) **Franking credits**

Amatil has applied to the ATO for a class ruling in relation to certain Australian income tax implications of the Scheme, specifically the availability of franking credits to Scheme Shareholders having regard to the 'qualified person' rules and a certain franking integrity measures. Please refer to section 9 of this Scheme Booklet for further details.

As noted above, the 2H 2020 Dividend is fully franked and has been set at a level that allows available franking credits to be returned to Australian shareholders. The franking credits attached to the 2H 2020 Dividend will represent additional value to those Amatil Shareholders who are able to realise a tax benefit from those franking credits and who are Amatil Shareholders on the 2H 2020 Dividend Record Date.[71]

In assessing the value of the 2H 2020 Dividend, you should seek independent professional taxation advice as to whether or not the receipt of the 2H 2020 Dividend and any entitlement to franking credits attached to it is beneficial to you based on your own particular circumstances. Please refer to section 9 of this Scheme Booklet for a general summary of the Australian taxation consequences for Scheme Shareholders.

The amount of franking of any 1H 2021 Dividend will be determined at the time the relevant dividend is declared and in accordance with the requirements of the Scheme Implementation Deed.

70 Amatil and CCEP may agree to delay one or more events following the Scheme Meeting to the extent necessary to enable the 2H 2020 Dividend to be paid before the Scheme Record Date.

71 The Scheme Consideration will not be reduced by the value attributed to any franking credits attached to the 2H 2020 Dividend or any 1H 2021 Dividend.

(c) **Entitlements of TCCC Group**

(1) **Consideration**[72]

Members of TCCC Group will not receive the Scheme Consideration. The Amatil Shares held by TCCC Group are proposed to be separately acquired by CCEP Group under the Co-Operation and Sale Deed.

The consideration payable to TCCC Group under the Co-Operation and Sale Deed will be reduced by the cash amount of the 2H 2020 Dividend[73], as with the Scheme. However, as with the Scheme Consideration, the consideration to be paid to TCCC Group under the Co-Operation and Sale Deed will not be reduced by the cash amount of any 1H 2021 Dividend which will be in addition to such consideration.

(2) **Dividends**

As with other Amatil Shareholders, TCCC Group is entitled to the 2H 2020 Dividend and any 1H 2021 Dividend declared or determined and paid by Amatil on or before the Scheme Record Date in respect of the TCCC Amatil Shares, provided TCCC Holder continues to hold those shares on the relevant dividend record dates.

Please refer to section 5 of this Scheme Booklet for further details in relation to the CCEP/TCCC Transaction.

4.3 Provision of Scheme Consideration

If the Scheme becomes Effective, the Scheme Consideration will be sent to the Scheme Shareholders on the Implementation Date (currently expected to be 10 May 2021). Scheme Shareholders who have validly registered their bank account details with the Amatil Share Registry before the Scheme Record Date may have their Scheme Consideration sent directly to their bank account. Otherwise, Scheme Shareholders will have their Scheme Consideration sent by cheque to their address shown on the Amatil Share Register.

It is important to note that you will only receive the Scheme Consideration if you are a Scheme Shareholder. You will be a Scheme Shareholder if you are not an Excluded Shareholder and you hold Amatil Shares at the Scheme Record Date (currently expected to be 7.00pm (Sydney time) on 14 April 2021, or such other time and date as Amatil, CCEP and CCEP Sub agree in writing).

4.4 Conditions Precedent

The Scheme will not become Effective and you will not receive the Scheme Consideration unless all of the Conditions Precedent to the Scheme are satisfied or waived (if capable of waiver) in accordance with the Scheme Implementation Deed.

The Conditions Precedent to the Scheme are summarised in section 10.5(d) of this Scheme Booklet and set out in full in clause 3.1 of the Scheme Implementation Deed.

The Conditions Precedent include FIRB and OIO approval. As announced by Amatil to the ASX on 1 February 2021, on 29 January 2021, FIRB determined that the Commonwealth has no objection to CCEP Sub acquiring up to a 100% interest in Amatil. As a result, the FIRB Condition Precedent to the Scheme has been satisfied. As at the date of this Scheme Booklet, the OIO Condition Precedent remains outstanding.

As at the date of this Scheme Booklet, Amatil is not aware of any circumstances which would cause any outstanding Condition Precedent not to be satisfied or waived (if capable of waiver).[74]

72 The information contained in this section 4.2(c)(1) is the responsibility of CCEP. Neither Amatil, nor any other Amatil Group Member, nor any of their respective directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the information in this section 4.2(c)(1).

73 The consideration will be reduced by any dividends determined or declared and paid to Amatil Shareholders on or before the Implementation Date other than any Post-30 June 2021 Dividends in line with historical payout ratios.

74 In relation to the OIO Condition Precedent, Amatil understands that the OIO has advised CCEP that the New Zealand Minister of Finance requires the OIO consent application in relation to the Scheme to undergo a national interest assessment. While Amatil is not aware of any circumstances which would cause the OIO Condition Precedent not to be satisfied as at the date of this Scheme Booklet, it is possible the OIO approval required for the Scheme to proceed may be delayed and that this may result in a delay to the date of the Scheme Meeting. Independent Amatil Shareholders should note that the OIO Condition Precedent will need to be satisfied in order for the Scheme to proceed.

4.5 Your choices as an Independent Amatil Shareholder

As an Independent Amatil Shareholder, you have four choices currently available to you, which are as follows:

Vote in favour of the Scheme	This is the course of action unanimously recommended by the Amatil Related Party Committee and also by the Amatil Group Managing Director, Ms Alison Watkins, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Independent Amatil Shareholders. The interests of the Amatil Group Managing Director, Ms Alison Watkins, and the other Amatil Directors are disclosed in section 10 of this Scheme Booklet. Independent Amatil Shareholders should have regard to these interests when considering how to vote on the Scheme, including Ms Watkins' recommendation on the Scheme, which appears throughout this Scheme Booklet.[75] To follow the Amatil Related Party Committee's unanimous recommendation and the recommendation of the Amatil Group Managing Director you should vote in favour of the Scheme at the Scheme Meeting at 10.00am (Sydney time) on 16 April 2021. The reasons why you may vote in favour of the Scheme are set out in detail in section 1.2 of this Scheme Booklet. For information in relation to voting on the Scheme, please refer to section 3.2 of this Scheme Booklet and the Notice of Scheme Meeting contained in Annexure 4.
Vote against the Scheme	If, despite the unanimous recommendation of the Amatil Related Party Committee, the recommendation of the Amatil Group Managing Director, Ms Alison Watkins, and the Independent Expert's conclusion that the Scheme is fair and reasonable and accordingly in the best interests of Independent Amatil Shareholders, in the absence of a superior proposal, you do not support the Scheme, you may consider voting against the Scheme at the Scheme Meeting at 10.00am (Sydney time) on 16 April 2021. The reasons why you might consider voting against the Scheme are set out in detail in section 1.3 of this Scheme Booklet. If all the Conditions Precedent to the Scheme are satisfied or waived (if capable of waiver) and the Scheme becomes Effective and is implemented, the Scheme will bind all Independent Amatil Shareholders, including those who vote against the Scheme Resolution at the Scheme Meeting and those who do not vote at all.

75 Following the exercise of the Amatil Board's (excluding Ms Watkins, Mr Garduño and Mr Thirumalai) discretions, subject to the Scheme becoming Effective, the Amatil Group Managing Director, Ms Alison Watkins, will be entitled to receive $9,882,747 in connection with the early vesting of her unvested Amatil Equity Incentives and the early release from restrictions of her Amatil Restricted Shares. The Amatil Related Party Committee considers that, despite these arrangements, it is appropriate for Ms Watkins to make a recommendation on the Scheme given her role in the operation and management of Amatil and that Independent Amatil Shareholders would wish to know Ms Watkins' views in relation to the Scheme. Ms Watkins also considers that it is appropriate for her to make a recommendation on the Scheme. Section 10 of this Scheme Booklet contains further information on the proposed treatment of Ms Watkins' Amatil Equity Incentives if the Scheme does not become Effective.

Sell your Amatil Shares on the ASX	The Scheme does not preclude you from selling some or all of your Amatil Shares on market for cash, if you wish, provided you do so before close of trading on the ASX on the Effective Date (currently expected to be 21 April 2021), when trading in Amatil Shares will end. If you are considering selling some or all of your Amatil Shares: • you should have regard to the prevailing trading prices of Amatil Shares and compare those to the Scheme Consideration. You may ascertain the current trading prices of Amatil Shares through the ASX website (www2.asx.com.au); and • you should contact your broker for information on how to effect that sale, and you should also contact your financial, legal, accounting, taxation and/or other professional adviser. Independent Amatil Shareholders who sell some or all of their Amatil Shares on market: • may receive payment (which may vary from the Scheme Consideration) for the sale of their Amatil Shares sooner than they would receive the Scheme Consideration under the Scheme; • may incur a brokerage charge; • will not be able to participate in the Scheme or, if one emerges, a Superior Proposal, in respect of those Amatil Shares they have sold; and • may be liable for CGT on the disposal of their Amatil Shares (as they also may be under the Scheme – see section 9 of this Scheme Booklet for further information).
Do nothing	Independent Amatil Shareholders who elect not to vote at the Scheme Meeting on 16 April 2021 or do not sell their Amatil Shares on market will: • if the Scheme is implemented – have their Amatil Shares transferred to CCEP Sub by operation of the Scheme and receive the Scheme Consideration; or • if the Scheme is not implemented – retain their Amatil Shares.

4.6 Implications if the Scheme does not become Effective

If the Scheme does not become Effective:

- unless Independent Amatil Shareholders choose to sell their Amatil Shares on the ASX, Independent Amatil Shareholders will continue to hold Amatil Shares and will be exposed to a number of risks (including those set out in section 8 of this Scheme Booklet) as well as potential future benefits in retaining exposure to Amatil's business and assets;
- Independent Amatil Shareholders will not receive the Scheme Consideration (but will receive the 2H 2020 Dividend of $0.18 per Amatil Share in respect of Amatil Shares held on the 2H 2020 Dividend Record Date and any 1H 2021 Dividend if declared and paid by the Amatil Board in respect of Amatil Shares held on the record date for any 1H 2021 Dividend);
- the CCEP Group will not acquire any Amatil Shares held by TCCC Group under the Co-Operation and Sale Deed. In this regard, other than with respect to any arm's length commercial conversations in the ordinary course of business unrelated to the terms of the Transaction, CCEP has also warranted to Amatil under the Scheme Implementation Deed that it has not entered into any other agreements, arrangements or understandings in relation to the securities, business, operations or assets of an Amatil Group Member or any other commercial or other arrangements related to an Amatil Group Member, any territory or jurisdiction in which the Amatil Group operates or the performance or conduct of the Amatil Group business, the CCEP/TCCC Transaction or the Scheme;

- the Reimbursement Fee of $46,400,000 (excluding GST) may be payable by Amatil to CCEP in certain circumstances. Those circumstances do not include the failure by Independent Amatil Shareholders to approve the Scheme at the Scheme Meeting or the failure by the Court to approve the Scheme. Further information on the Reimbursement Fee is set out in section 10.5(p) of this Scheme Booklet;
- Amatil will continue as a standalone ASX-listed entity; and
- the price of an Amatil Share on the ASX will continue to be subject to market volatility and may fall in the absence of a Superior Proposal.

4.7 Key steps in the Scheme

(a) Scheme Meeting and Scheme approval requirements

The Court has ordered Amatil to convene the Scheme Meeting at which Independent Amatil Shareholders will be asked to approve the Scheme.

The terms of the Scheme Resolution to be considered at the Scheme Meeting are contained in the Notice of Scheme Meeting in Annexure 4.

The Scheme will only become Effective and be implemented if:

- it is approved by the Requisite Majorities of Independent Amatil Shareholders at the Scheme Meeting to be held on 16 April 2021;
- it is approved by the Court at the Second Court Hearing; and
- the other Conditions Precedent to the Scheme outlined in section 10.5(d) of this Scheme Booklet are satisfied or waived (if capable of waiver).

The Requisite Majorities of Independent Amatil Shareholders to approve the Scheme are:

- unless the Court orders otherwise, a majority in number (more than 50%) of Independent Amatil Shareholders present and voting at the Scheme Meeting (either in person or by proxy, attorney or, in the case of corporate Independent Amatil Shareholders, body corporate representative); and
- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Independent Amatil Shareholders present and voting (either in person or by proxy, attorney or, in the case of corporate Independent Amatil Shareholders, body corporate representative).

The Court has the power to waive the first requirement.

The entitlement of Amatil Shareholders to attend and vote at the Scheme Meeting is set out in the Notice of Scheme Meeting in Annexure 4.

Voting is not compulsory. However, you are encouraged to vote by attending the Scheme Meeting or alternatively by appointing a proxy by completing and submitting the proxy form in accordance with the instructions on that form. To be effective, your proxy appointment must be received by the Amatil Share Registry by **10.00am (Sydney time) on Wednesday, 14 April 2021**.

You should be aware that even if you do not vote, or vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majorities of Independent Amatil Shareholders and the Court. If this occurs, your Amatil Shares will be transferred to CCEP Sub and you will receive the Scheme Consideration even though you did not vote on, or voted against, the Scheme.

The results of the Scheme Meeting will be available as soon as possible after the conclusion of the Scheme Meeting and will be announced to the ASX (www2.asx.com.au) once available.

Please note that the Scheme Meeting may be postponed or adjourned, including if satisfaction of a Condition Precedent is delayed. Any such postponement or adjournment will be announced by Amatil to the ASX.

(b) **Court approval of the Scheme**

In the event that:

- the Scheme is approved by the Requisite Majorities of Independent Amatil Shareholders at the Scheme Meeting; and
- all other Conditions Precedent to the Scheme (except Court approval of the Scheme) have been satisfied or waived (if capable of waiver),

then Amatil will apply to the Court for orders approving the Scheme.

Each Independent Amatil Shareholder has the right to appear, by way of teleconference, at the Second Court Hearing. Dial-in details for the Second Court Hearing will be made available to any Independent Amatil Shareholder who indicates an intention to appear in this manner.

(c) **Effective Date**

If the Court approves the Scheme, the Scheme will become Effective on the Effective Date, being the date an office copy of the Court order from the Second Court Hearing approving the Scheme is lodged with ASIC. Amatil will, on the Scheme becoming Effective, give notice of that event to the ASX.

Amatil intends to apply to the ASX for Amatil Shares to be suspended from trading on the ASX from close of trading on the Effective Date.

(d) **Scheme Record Date and entitlement to Scheme Consideration**

Those Independent Amatil Shareholders who are recorded on the Amatil Share Register on the Scheme Record Date (currently expected to be 7.00pm (Sydney time) on 3 May 2021 or such other time and date as Amatil, CCEP and CCEP Sub agree in writing) will be entitled to receive the Scheme Consideration in respect of the Amatil Shares they hold at that time.

(e) **Dealings on or prior to the Scheme Record Date**

For the purposes of determining which Independent Amatil Shareholders are eligible to participate in the Scheme, dealings in Amatil Shares will be recognised only if:

- in the case of dealings of the type to be effected using Clearing House Electronic Subregister System (**CHESS**), the transferee is registered on the Amatil Share Register as the holder of the relevant Amatil Shares before the Scheme Record Date; and
- in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received by the Amatil Share Registry before the Scheme Record Date (and the transferee remains registered as at the Scheme Record Date).

For the purposes of determining entitlements under the Scheme, Amatil will not accept for registration or recognise any transfer or transmission applications in respect of Amatil Shares received after the Scheme Record Date.

(f) **Dealings after the Scheme Record Date**

For the purpose of determining entitlements to the Scheme Consideration, Amatil must maintain the Amatil Share Register in its form as at the Scheme Record Date until the Scheme Consideration has been paid to the Scheme Shareholders. The Amatil Share Register in this form will solely determine entitlements to the Scheme Consideration.

After the Scheme Record Date:

- all statements of holding for Amatil Shares (other than statements of holding in favour of CCEP Sub) will cease to have effect as documents relating to title in respect of such Amatil Shares; and
- each entry on the Amatil Share Register (other than entries on the Amatil Share Register in respect of CCEP Sub) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Amatil Shares relating to that entry.

(g) **Implementation Date**

By no later than the Business Day before the Implementation Date (currently expected to be 10 May 2021), CCEP will deposit (or will procure the deposit) into an Amatil operated Australian dollar denominated trust account with an authorised deposit-taking institution in Australia as trustee for the Scheme Shareholders, an amount equal to the aggregate Scheme Consideration to be provided to Scheme Shareholders.

Scheme Shareholders will be sent the Scheme Consideration on the Implementation Date. Immediately after the Scheme Consideration is sent to Scheme Shareholders, the Scheme Shares will be transferred to CCEP Sub.

(h) **Deed Poll**

As at the date of this Scheme Booklet, a Deed Poll has been entered into by CCEP and CCEP Sub in favour of the Scheme Shareholders, to:

- provide the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders under the Scheme, subject to the Scheme becoming Effective; and
- undertake all other actions attributed to CCEP and CCEP Sub under the Scheme.

A copy of the Deed Poll is contained in Annexure 3.

4.8 Warranties by Scheme Shareholders

Under the terms of the Scheme, each Scheme Shareholder is taken to have warranted to Amatil and CCEP Sub, and appointed and authorised Amatil as its attorney and agent to warrant to CCEP Sub, on the Implementation Date, that:

- all their Amatil Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
- they have full power and capacity to transfer their Scheme Shares to CCEP Sub together with any rights and entitlements attaching to those shares; and
- they have no existing right to be issued any Amatil Shares, any Amatil Equity Incentives or any other Amatil equity securities.

Under the terms of the Scheme, Amatil undertakes that it will provide such warranties to CCEP Sub as agent and attorney of each Scheme Shareholder.

4.9 Delisting of Amatil

Amatil will apply for the termination of the official quotation of Amatil Shares on the ASX and for Amatil to be removed from the official list of the ASX, each to occur on a date after the Implementation Date to be determined by CCEP.

5. OVERVIEW OF THE CCEP/TCCC TRANSACTION

The information contained in this section 5 is the responsibility of CCEP. Neither Amatil, nor any other Amatil Group Member, nor any of their respective directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the information in this section 5.

5.1 Background to the CCEP/TCCC Transaction

On 4 November 2020, CCEP, CCEP Sub, TCCC and TCCC Holder entered into the Co-Operation and Sale Deed, under which it is proposed that CCEP Sub will acquire the Amatil Shares held by TCCC Group, being approximately 30.808% of the Amatil Shares on issue as at the date of this Scheme Booklet. The TCCC Amatil Shares will not be acquired by CCEP Sub pursuant to the Scheme.

The entry into the Co-Operation and Sale Deed followed the execution by TCCC and CCEP of a Co-Operation Letter on 25 October 2020, as announced by Amatil to the ASX on 26 October 2020.

CCEP BidCo is proposing to acquire the TCCC Amatil Shares pursuant to the CCEP/TCCC Transaction rather than the Scheme for the reason that TCCC Holder has agreed to sell its shares for consideration which is different to the Scheme Consideration and as part of an arrangement which gives CCEP greater flexibility as to the timing and form of the consideration to be provided as compared to the Scheme.

CCEP BidCo intends to elect that the consideration for any Second Tranche Sale Shares which it acquires will be in the form of cash rather than CCEP Shares, being $10.75 per Amatil Share less the cash amount of the 2H 2020 Dividend (that is, materially less than the total cash amount of $13.50 per Amatil Share offered to Independent Amatil Shareholders).

If CCEP does not acquire all of the TCCC Amatil Shares at implementation of the Scheme, the remaining TCCC Amatil Shares will become subject to the Put Option which TCCC will not be able to exercise for at least 3 years following the Implementation Date.

A summary of the terms of the Co-Operation and Sale Deed is set out in section 10.6 of this Scheme Booklet. A full copy of the Co-Operation and Sale Deed and the Co-Operation Letter can be obtained from the ASX website (www2.asx.com.au).

Details in relation to the regulatory relief granted by ASIC in connection with the entry into the Co-Operation and Sale Deed are set out in section 10.10(a) of this Scheme Booklet.

5.2 Overview of the consideration payable under the CCEP/TCCC Transaction

Under the Co-Operation and Sale Deed, it is proposed that the TCCC Amatil Shares will be acquired by CCEP Group in two or more tranches, as set out below.

(a) First Tranche Sale Shares

If the Scheme becomes Effective, TCCC Group will receive total cash consideration of $9.57 (less the cash amount of the 2H 2020 Dividend[76]) per Amatil Share for 78,191,967 of the Amatil Shares held by TCCC Group (being approximately one third of its shareholding in Amatil and representing approximately 10.8% of the Amatil Shares on issue as at the date of this Scheme Booklet) (**First Tranche Sale Shares**) on the Implementation Date. Under the Co-Operation and Sale Deed TCCC Group and CCEP Group may agree a different date for such purchase but have not done so as at the date of this Scheme Booklet.

The consideration offered to TCCC Group for the First Tranche Sale Shares is therefore materially lower than the total cash amount of $13.50 per Amatil Share offered to Independent Amatil Shareholders.

76 The consideration will be reduced by any dividends determined or declared and paid to Amatil Shareholders on or before the Implementation Date other than any Post-30 June 2021 Dividend in line with historical payout ratios.

(b) **Second Tranche Sale Shares**

If the Scheme becomes Effective, CCEP Group also has the option to elect to purchase some or all of TCCC Group's remaining shareholding in Amatil (being 144,857,309 Amatil Shares and representing approximately two thirds of TCCC Group's shareholding in Amatil and approximately 20% of the Amatil Shares on issue as at the date of this Scheme Booklet) (**Remaining Sale Shares**) on the Implementation Date (the number of Remaining Sales Shares that CCEP Group elects to purchase being the **Second Tranche Sale Shares**). Under the Co-Operation and Sale Deed, TCCC Group and CCEP Group may agree a different date for such purchase but have not done so as at the date of this Scheme Booklet.

Under the Co-Operation and Sale Deed, CCEP Sub may elect to purchase the Second Tranche Sale Shares for:

- cash (at $10.75 per Amatil Share less the cash amount of the 2H 2020 Dividend[77], that is, less than the total cash amount of $13.50 per Amatil Share offered to Independent Amatil Shareholders) (**Second Tranche Cash Consideration**);
- CCEP Shares (the allotment and issue of which CCEP Sub is required to procure) (based on a conversion ratio of 0.19372 CCEP Shares for each Second Tranche Sale Share, with the ratio adjusted for the cash amount of the 2H 2020 Dividend[78], which, based on the CCEP share price as at the Last Practicable Date,[79] represents a value per TCCC Amatil Share that is less than the total cash amount of $13.50 per Amatil Share offered to Independent Amatil Shareholders) (**Second Tranche Scrip Consideration**); or
- a combination of Second Tranche Cash Consideration and Second Tranche Scrip Consideration in proportions elected by CCEP Group.

Even where an election is made, CCEP will only be entitled to acquire the Second Tranche Sale Shares if the Scheme becomes Effective.

As at the date of this Scheme Booklet, CCEP has not made an election as to the number of Remaining Sale Shares it proposes to acquire on the Implementation Date in accordance with the Co-Operation and Sale Deed (which will form the Second Tranche Sale Shares).

CCEP intends to elect that the consideration in respect of any Remaining Sale Shares which it elects to acquire at implementation of the Scheme will be in the form of cash rather than CCEP Shares.

CCEP Sub has agreed with TCCC Group that the election as to the number of Remaining Sale Shares it will acquire will be made no later than 14 days prior to the date of the Scheme Meeting.[80]

If CCEP does not purchase all of the remaining TCCC Amatil Shares on the Implementation Date, TCCC Group will remain a direct or indirect shareholder in Amatil in respect of up to approximately 20% of the Amatil Shares on issue as at the date of this Scheme Booklet after the implementation of the Scheme, subject to the exercise of the Put Option by TCCC Group as detailed below.

(c) **Put Option**

If CCEP Group does not elect to purchase all of the remaining TCCC Amatil Shares held by TCCC Group on the Implementation Date (or such different date agreed between CCEP Group and TCCC Group), TCCC Group has a put option, pursuant to which CCEP Group may be required to acquire any Remaining Sale Shares that are not acquired by CCEP Sub as part of the Second Tranche Sale Shares (**Put Option**) if required by TCCC Group following implementation of the Scheme.

The Put Option may only be exercised by TCCC Group during a period of three years commencing on the date that is three years after the Implementation Date (**Put Option Exercise Period**). The Put Option can only be exercised once in respect of all of the remaining TCCC Amatil Shares.

77 The consideration will be reduced by any dividends determined or declared and paid to Amatil Shareholders on or before the Implementation Date other than any Post-30 June 2021 Dividend in line with historical payout ratios.

78 The consideration will be reduced by any dividends determined or declared and paid to Amatil Shareholders on or before the Implementation Date other than any Post-30 June 2021 Dividend in line with historical payout ratios.

79 Based on CCEP's closing share price on the NYSE of US$52.89 on the Last Practicable Date and an AUD/USD exchange rate of AUD1=USD0.7709 (being the rate published by the Reserve Bank of Australia for the Last Practicable Date).

80 The Scheme Meeting is currently scheduled for 16 April 2021.

If exercised by TCCC Group, the consideration to be paid by CCEP Group under the Put Option will entirely comprise CCEP Shares (based on the same conversion ratio as set out above in relation to the Second Tranche Sale Shares).

If TCCC Group does not exercise the Put Option by the end of the Put Option Exercise Period, the Put Option will lapse and TCCC Group will remain a direct or indirect shareholder in Amatil in respect of up to approximately 20% of the Amatil Shares on issue as at the date of this Scheme Booklet.

(d) **Movements in CCEP share price**

The only circumstance in which TCCC may receive CCEP Shares is if CCEP does not acquire all of the Sale Shares at implementation and TCCC exercises the Put Option.

The number of CCEP Shares that TCCC Group will receive if it exercises the Put Option is fixed and determined by the formula set out in the Co-Operation and Sale Deed. However, the value of any CCEP Shares received by the TCCC Group under these arrangements will depend on the CCEP share price at the time of the exercise of the Put Option.

The Put Option may only be exercised during the Put Option Exercise Period which is a three year period commencing on the date that is three years after the Implementation Date.

Given the amount of time that will elapse between the date of this Scheme Booklet and the time at which the Put Option may be exercised, there is no certainty about what the CCEP share price might be when the Put Option is exercised.

(e) **Timing of consideration payable under the CCEP/TCCC Transaction to TCCC Group**

Completion of the sale and purchase of the First Tranche Sale Shares and, to the extent elected by CCEP Sub, the Second Tranche Sale Shares, will take place immediately after the Scheme is implemented on the Implementation Date, or such other time as agreed between the parties to the Co-Operation and Sale Deed.

If CCEP Group does not elect to purchase all Remaining Sale Shares and the Put Option is subsequently exercised by TCCC Group, the allotment and issue of the relevant number of CCEP Shares to satisfy the Put Option will occur on the date of transfer specified by TCCC Group in the relevant exercise notice, which is required to be at least 20 Business Days (as defined in the Co-Operation and Sale Deed) after the date of issue of the notice.

5.3 Implications for the CCEP/TCCC Transaction if the Scheme does not become Effective

As noted in section 5.2 above, the acquisition of shares by CCEP Group under the Co-Operation and Sale Deed will only occur in the event that the Scheme becomes Effective. CCEP will therefore not acquire any shares held by TCCC Group under the Co-Operation and Sale Deed unless the Scheme is approved by both Independent Amatil Shareholders and the Court.

5.4 Termination of, or amendments to, the Co-Operation and Sale Deed and entry into other arrangements with TCCC

Under the terms of the Scheme Implementation Deed, from the Scheme Announcement Date until the Implementation Date, CCEP must not terminate or materially amend or waive any condition or other provision in the Co-Operation and Sale Deed, without the prior written consent of Amatil. The parties to the Scheme Implementation Deed have agreed that an amendment or waiver which would result in:

- any change, variation or modification to the consideration (including the amount or nature or type of the consideration) to be paid by a CCEP Group Member to a TCCC Group Member for the acquisition of any interest in the relevant TCCC Group Member's shares in Amatil as set out in the Co-Operation Letter; or
- completion of the Co-Operation and Sale Deed not to be conditional on implementation of the Scheme, or to occur in the absence of or despite the Scheme,

will be material for this purpose.

Further, CCEP may not enter into, or agree to amend, alter, vary or otherwise modify any other agreement, arrangement or understanding (whether written or oral) with a TCCC Group Member in connection with the acquisition or disposal, or acquisition and disposal, by a CCEP Group Member or a TCCC Group Member of any interest in the securities, assets, businesses or operations of Amatil or any other Amatil Group Member without the prior written consent of Amatil (but this does not restrict any CCEP Group Member from engaging in any arm's length commercial conversations with a TCCC Group Member in the ordinary course of business which are unrelated to the terms of the Scheme).

In addition, CCEP must immediately notify Amatil if any amendment or variation is made to the Co-Operation and Sale Deed or any condition precedent is waived.

A breach of any of these obligations by CCEP may give Amatil the right to terminate the Scheme Implementation Deed in certain circumstances.

5.5 Other arrangements in relation to the Amatil Group

Other than the Co-Operation Letter and the Co-Operation and Sale Deed, or with respect to any arm's length commercial conversations in the ordinary course of business unrelated to the terms of the Scheme, as at the date of this Scheme Booklet no CCEP Group Member has entered into any agreement, arrangement or understanding in relation to the securities, business, operations or assets of an Amatil Group Member (including in relation to the securities, business or operations or assets of an Amatil Group Member at or after the Implementation Date).

In addition, subject to the same qualifications, as at the date of this Scheme Booklet, CCEP has not entered into any other commercial or other arrangements related to Amatil or another Amatil Group Member, any territory or jurisdiction in which the Amatil Group operates or the performance or conduct of the Amatil Group business, the Scheme or the CCEP/TCCC Transaction.

CCEP has given warranties to Amatil in respect of each of these matters in the Scheme Implementation Deed. A breach by CCEP of any of these warranties may give Amatil the right to terminate the Scheme Implementation Deed in certain circumstances.

5.6 Internal reorganisation of TCCC Group holding in Amatil

As at the date of the Scheme Booklet, the Amatil Shares owned by TCCC Group are held by Coca-Cola Holdings (Overseas) Limited. However, TCCC Group may undertake an internal reorganisation of its holding in Amatil whereby Coca-Cola Holdings (Overseas) Limited transfers some of the Amatil Shares it owns to one or more TCCC Group Members as permitted under the Co-Operation and Sale Deed.

To the extent CCEP Group and TCCC Group each hold Amatil Shares after implementation, they may also undertake an internal reorganisation of their holdings in Amatil after implementation of the Scheme as described in section 10.6(j) of this Scheme Booklet, although no final decisions have been made as to whether that reorganisation will occur.

6. INFORMATION ABOUT AMATIL

6.1 Introduction

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

Amatil operates across six countries – Australia, New Zealand, Indonesia, Papua New Guinea, Fiji and Samoa. Amatil's beverage categories are managed and reported on a geographical basis. Its key business operations are summarised below and further detail is provided in section 6.2 of this Scheme Booklet.

6.2 Business overview

Amatil's product range includes sparkling beverages, water, sports, energy, fruit juices, iced tea, flavoured milk, coffee, beer, cider and spirits. Amatil has access to more than 270 million potential consumers through more than 600,000 active customers. Amatil's corporate strategy focuses on innovation, sustainability, capturing growth and delivering long-term value to its shareholders.

Amatil currently operates through four business units:

(a) **Australia:** Amatil's Australia business prepares, sells and distributes 29 non-alcoholic beverage brands, as well as a premium portfolio of approximately 60 alcohol brands, to approximately 100,000 customers. Amatil's portfolio in Australia includes Coca-Cola, Sprite, Fanta, Lift, Kirks, Deep Spring, Mount Franklin, Pump, Powerade, Barista Bros, Nutriboost, Monster, Mother, Grinders Coffee, Jim Beam, Canadian Club, Roku, Molson Canadian, Feral, Miller Chill and Rekorderlig brands.

Additionally, Amatil's capability in Australia extends to brewing, roasting, sales, marketing and distribution.

The Amatil Group and TCCC Group together own 45% overall in Australia-based Made Group, which produces a range of brands including Cocobella, Rokeby Farms, Impressed and NutrientWater.

Amatil is headquartered in Sydney and with bottling and/or distribution facilities in every state and territory in Australia.

As at the Last Practicable Date, Amatil directly employs approximately 3,600 people across Australia, the majority of whom are in production, distribution, service and sales. Amatil operates thirteen production facilities and thirteen warehouses across Australia.

(b) **Indonesia and Papua New Guinea:** Amatil's Indonesia and Papua New Guinea businesses prepare, sell, distribute and market non-alcoholic ready-to-drink products. Amatil also sells, distributes, and markets coffee machines, capsules and beans in Indonesia.

The Amatil Group and TCCC Group jointly own the Coca-Cola bottling operations in Indonesia ('PT Coca-Cola Bottling Indonesia' or 'CCBI'), 70.6% and 29.4% respectively. CCBI owns 99.89% of the Coca-Cola distribution operations in Indonesia ('PT Coca-Cola Distribution Indonesia' or 'CCDI')[81].

In Indonesia, Amatil's portfolio includes Coca-Cola products, Sprite, Fanta, Minute Maid, Nutriboost, Schweppes, Ades, A&W, Aquarius, and Grinders coffee brands. Amatil operates eight production facilities in Bekasi (2 locations), Sumedang, Medan, Lampung, Semarang, Pasuruan and Mengwi-Bali, and two preform facilities located in Bekasi and Pasuruan and 14 distribution warehouses across the country. Amatil employs a total workforce of around 5,500 full-time employees and around 2,800 contractors in Indonesia. The business directly serves approximately 460,000 customers and indirectly distributes to approximately 1.6 million customers.

81 Amatil owns the remaining 0.11% of CCDI.

Amatil's portfolio in Papua New Guinea includes Coca-Cola products, Sprite, Fanta, Schweppes, Solo, Bu, Minute Maid, Golden Crush and Nature's Own brands. Amatil operates two bottling facilities in Port Moresby and Lae and five distribution warehouses across the country. Amatil employs a total workforce of around 700 full-time employees in Papua New Guinea. Amatil's range of products is offered through a network of approximately 13,000 customers in Papua New Guinea.

(c) **Pacific:** Amatil's Pacific businesses (comprised of its businesses in New Zealand, Fiji and Samoa) 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 three markets includes the Coca-Cola, Sprite, Fanta, Lift, Schweppes, Powerade, Mother, Monster, Deep Spring and FUZE Tea brands. Amatil also produces brands including L&P, Pump, Kiwi Blue and Keri Juice in New Zealand and Frubu and Jucy in Fiji.

Additionally, Amatil's capability in the Pacific region extends to brewing (Fiji and Samoa), distilling (Fiji) and sales, marketing and distribution (Fiji, Samoa, Tonga, Niue, American Samoa, Nauru, Wallis and Futuna, Kiribati, Tuvalu, Vanuatu and parts of French Polynesia).

Amatil's alcohol portfolio in New Zealand includes the Jim Beam, Makers Mark and Canadian Club brands in addition to local craft beer brand Fortune Favours. In the Pacific, Amatil's own alcohol brands include beer (Vonu, Fiji Gold and Fiji Bitter and Vailima), alcoholic ready-to-drink beverages (Bounty, Joskes, Tribe, Moni and Sili), and spirits (Ratu, Bati, Bounty, Regal, and Czarina). Amatil's rum spirits (and a smaller number of beer brands) are exported across the Pacific and into Asia, Europe and North America.

As at the Last Practicable Date, Amatil's New Zealand business is headquartered in Auckland and Amatil directly employs approximately 1,100 people across New Zealand. Amatil's largest New Zealand manufacturing sites are in Auckland (all beverages and roastery), Putararu (water bottling) and Christchurch (NARTD beverages). Amatil has distribution warehouses and sales offices across New Zealand.

As at the Last Practicable Date, Amatil's Fiji business is headquartered in Suva and employs approximately 325 people. Amatil's main manufacturing site in Fiji is in Suva (NARTD and brewery). Amatil has a distillery and distribution warehouses at Lautoka, and further distribution warehouses Labasa.

As at the Last Practicable Date, Amatil's Samoan business is headquartered in Apia and employs approximately 105 people. Amatil's brewery and NARTD distribution warehouse in Samoa is located in Apia.

(d) **Corporate and Services:** Amatil's corporate and services segment includes a variety of activities, including the Amatil Group corporate office functions and ancillary services such as property and equipment servicing.

Amatil has a long-standing relationship with TCCC as both a shareholder and brand owner, and has been a Coca-Cola bottler and distributor since 1965. The Amatil Group's relationship with TCCC Group is governed in the Amatil Group's various markets by bottlers', distributors', packers', licence and operating agreements with TCCC Group. These agreements are typically 10 years in duration and have consistently been extended or renewed. The Amatil Group's agreements with relevant TCCC Group entities relating to Australia and New Zealand are due for renewal or extension in 2026 and 2025 respectively. The Amatil Group's agreements with relevant TCCC Group entities relating to Indonesia, Papua New Guinea, Fiji and Samoa were extended or renewed in 2020. Prior to entry into the Scheme Implementation Deed, Amatil received consent from TCCC Group under certain agreements between Amatil Group and TCCC Group with respect to certain matters in connection with the Scheme, including the entry by Amatil into the Scheme Implementation Deed. Please also refer to section 8.3(b) of this Scheme Booklet for further details.

6.3 Amatil's strategy

Amatil seeks to maximise opportunities and position the Amatil Group to deliver long-term sustainable returns to Amatil Shareholders. Amatil's strategy to deliver these returns is built on the three pillars of "Perform", "Grow" and "Strong Organisation", which are further detailed below.

(a) **"Perform" objective**

Amatil's Perform objective is guided by Amatil's Shareholder value proposition and is the Amatil Group's primary day-to-day focus. The three strategic pillars within this "Lead, Execute, Partner" – were defined as part of Amatil's 2014 strategic review and are the basis on which the Amatil Group businesses structure their plans.

(b) **"Grow" objective**

Amatil's objective for growth beyond its current business operations focuses on:

- **growth within categories:** innovation with brand partners (including TCCC Group) and selective mergers and acquisitions in existing and new beverage categories as well as expanding into new beverage categories in existing markets;
- **growth across geographies:** entering new geographies in existing beverage categories, focusing on South-East Asia and Oceania, based on the Amatil Group's operations, future growth prospects and the potential for synergies through its strategy to be a "Regional Beverages Powerhouse"; and
- **growth along the value chain:** vertical integration and extensions of the Amatil Group's existing value chain in existing geographies.

(c) **"Strong Organisation" objective**

The Amatil Group seeks to deliver performance and achieve its growth aspirations through strong and accountable businesses. In 2019, the Amatil Group accelerated the implementation of its "Strong Organisation" strategy through divestment of the SPC business and announcement of the integration of its alcohol and coffee businesses into each of the geographies in which the Amatil Group operates.

6.4 Amatil Board and senior management

The table below sets out the directors on the Amatil Board, including their position and tenure, as at the date of this Scheme Booklet:

Name	Position	Tenure
Ilana Rachel Atlas, AO	Chairman, Non-Executive Director (Independent)	Appointed in February 2011
Alison Watkins	Group Managing Director, Executive Director	Appointed in March 2014
Massimo Borghetti, AO	Non-Executive Director (Independent)	Appointed in December 2015
Jorge Garduño Chavero	Non-Executive Director (Nominee of TCCC)	Appointed in May 2018
Krishnakumar Thirumalai	Non-Executive Director (Nominee of TCCC)	Appointed in March 2014
Mark Graham Johnson	Non-Executive Director (Independent)	Appointed in December 2016
Paul Dominic O'Sullivan	Non-Executive Director (Independent)	Appointed in March 2017
Penelope Ann Winn	Non-Executive Director (Independent)	Appointed in December 2019

The Amatil Directors have developed protocols setting out the procedures for the appointment and election to the Amatil Board of Amatil Directors nominated by TCCC and the interactions between Amatil, the Amatil Directors nominated to the Amatil Board by TCCC and TCCC Holder. Those protocols are set out in Attachment 3 of Amatil's Board Charter, which can be found on Amatil's website at https://www.ccamatil.com/au/About-us/Corporate-governance.

The interests of the Amatil Directors are disclosed in section 10 of this Scheme Booklet.

As at the date of this Scheme Booklet, Amatil's Group Leadership Team comprises the following members:

Name	Position
Alison Watkins	Group Managing Director
Greg Barnes	Group Chief Financial Officer
Peter West	Managing Director, Australia
Chris Litchfield	Managing Director, Pacific (New Zealand, Fiji and Samoa)
Kadir Gunduz[82]	President and Managing Director, Indonesia and Papua New Guinea
Betty Ivanoff	Group Director, Legal and Corporate Affairs
Kate Mason	Group Director, People and Culture
Debbie Nova	Group Chief Information Officer

6.5 Historical financial information

(a) Basis of preparation

This section 6.5 sets out a summary of historical financial information in relation to Amatil for the purpose of this Scheme Booklet. This information has been extracted from the 2018 and 2019 Amatil Annual Reports and the 2020 Amatil Appendix 4E.

The historical financial information of Amatil is presented in an abbreviated form and does not contain all the disclosures, presentation, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. Amatil considers that for the purposes of this Scheme Booklet the historical financial information presented in an abbreviated form is more meaningful to Independent Amatil Shareholders.

The full financial accounts of Amatil, including all notes to those accounts, can be found in:

- the Amatil Appendix 4E (released to the ASX on 18 February 2021);
- the Amatil Appendix 4E (released to the ASX on 20 February 2020) and the 2019 Amatil Annual Report (released to the ASX on 23 April 2020); and
- the Amatil Appendix 4E (released to the ASX on 21 February 2019) and the 2018 Amatil Annual Report (released to the ASX on 10 April 2019).

These documents can be found on the ASX website (www2.asx.com.au) or Amatil's website (www.ccamatil.com). Amatil will also ensure that a copy of its financial report for the financial year ended 31 December 2020 is made available, free of charge, to any Amatil Shareholder who requests a copy before the Scheme becomes Effective. Amatil Shareholders can also access a copy of Amatil's financial report for the financial year ended 31 December 2020 from the ASX website at www2.asx.com.au and Amatil's website at www.ccamatil.com/au/Investors/Financial-reporting.

82 As announced by Amatil to the ASX on 16 February 2021, Mr Gunduz is expected to depart Amatil in July 2021. Mr Jorge Escudero is expected to join Amatil in April 2021 as Vice President – Indonesia & PNG, transitioning to President and Managing Director (Indonesia & PNG) in July 2021.

(b) Historical consolidated income statement

	2020[1] $M	2019[1] $M	2018 $M
Continuing operations			
Trading revenue	4,762.1	5,070.6	4,752.3
Cost of goods sold	(2,862.1)	(2,974.7)	(2,751.4)
Delivery	(221.4)	(235.9)	(213.3)
Gross profit	**1,678.6**	**1,860.0**	**1,787.6**
Other revenue	**38.6**	**41.5**	**49.7**
Expenses[2]			
Selling	(593.3)	(623.8)	(637.0)
Warehousing and distribution	(174.7)	(177.1)	(173.2)
Support services and other[3]	(669.5)	(503.7)	(410.2)
	(1,437.5)	(1,304.6)	(1,220.4)
Share of profit from equity accounted investments	0.3	1.9	0.1
Earnings before interest and tax	**280.0**	**598.8**	**617.0**
Net finance costs			
Finance income	32.6	41.6	31.1
Finance costs	(94.7)	(107.3)	(89.1)
	(62.1)	(65.7)	(58.0)
Profit before income tax	**217.9**	**533.1**	**559.0**
Income tax expense[3]	(72.9)	(149.3)	(144.5)
Profit from continuing operations	**145.0**	**383.8**	**414.5**
Discontinued operation			
Profit/(loss) from discontinued operation, net of tax	-	6.2	(122.5)
Profit for the year	**145.0**	**390.0**	**292.0**
Attributable to:			
Shareholders of Coca-Cola Amatil Limited	179.9	374.4	279.0
Non-controlling interests[3]	(34.9)	15.6	13.0
Profit for the year	**145.0**	**390.0**	**292.0**
Basic and diluted earnings per share (EPS) attributable to Shareholders of Coca-Cola Amatil Limited			
to Shareholders of Coca-Cola Amatil Limited	**¢**	**¢**	**¢**
Group	24.8	51.7	38.5

1 Leases have been accounted for under the new lease accounting standard AASB 16 for these periods only
2 Comparative amounts were restated for consistency with the current period's presentation
3 Includes amounts classified as non-trading items.

(c) Historical normalised consolidated income statement

	2020[1] $M	2019[1] $M	2018 $M
Continuing operations			
Trading revenue	4,762.1	5,070.6	4,752.3
Cost of goods sold	(2,862.1)	(2,974.7)	(2,751.4)
Delivery	(221.4)	(235.9)	(213.3)
Gross profit	**1,678.6**	**1,860.0**	**1,787.6**
Other revenue	**38.6**	**41.5**	**49.7**
Expenses[2]			
Selling	(593.3)	(623.8)	(637.0)
Warehousing and distribution	(174.7)	(177.1)	(173.2)
Support services and other	(398.8)	(463.2)	(392.7)
	(1,166.8)	(1,264.1)	(1,202.9)
Share of profit from equity accounted investments	0.3	1.9	0.1
Earnings before interest and tax (pre-NTI)	**550.7**	**639.3**	**634.5**
Net finance costs			
Finance income	32.6	41.6	31.1
Finance costs	(94.7)	(107.3)	(103.6)
	(62.1)	(65.7)	(72.5)
Profit before income tax	488.6	573.6	562.0
Income tax expense	(140.9)	(164.1)	(160.7)
Profit from continuing operations (pre-NTI)	**347.7**	**409.5**	**401.3**
Attributable to:			
Shareholders of Coca-Cola Amatil Limited	340.3	393.9	388.3
Non-controlling interests	7.4	15.6	13.0
Profit for the year – ongoing	**347.7**	**409.5**	**401.3**
Basic and diluted earnings per share (EPS) attributable to Shareholders of Coca-Cola Amatil Limited			
to Shareholders of Coca-Cola Amatil Limited	¢	¢	¢
Continuing operations	47.0	54.4	53.6

1 Leases have been accounted for under the new lease accounting standard AASB 16 for these periods only
2 Comparative amounts were restated for consistency with the current period's presentation

(d) Historical consolidated statement of financial position

	2020 $M	2019 $M	2018 $M
Current assets			
Cash assets	1,018.0	856.0	937.4
Trade and other receivables	963.9	1,047.1	961.1
Inventories	575.5	646.4	626.1
Held to maturity investments	37.1	83.0	116.7
Derivatives	21.8	27.0	21.2
Current tax assets	10.3	39.5	34.0
Prepayments	86.1	74.1	63.5
Other financial assets	30.3	-	
Assets held for sale	-	1.1	55.2
Total current assets	**2,743.0**	**2,774.2**	**2,815.2**
Non-current assets			
Property, plant and equipment[1]	1,518.9	1,825.7	1,855.0
Right of use assets[2]	431.5	462.9	-
Intangible assets[1]	1,208.4	1,262.7	1,252.4
Investments	61.2	66.5	65.2
Derivatives	115.0	129.3	132.5
Other	46.2	57.6	52.0
Total non-current assets	**3,381.2**	**3,804.7**	**3,357.1**
Total assets	**6,124.2**	**6,578.9**	**6,172.3**
Current liabilities			
Trade and other payables	1,295.0	1,246.0	1,246.8
Borrowings	335.6	306.6	154.2
Other financial liabilities	81.2	90.3	67.9
Lease liabilities[2]	72.6	72.6	-
Employee benefits provisions	81.5	109.7	82.4
Current tax liabilities	33.1	21.2	14.8
Derivatives	65.3	21.3	32.2
Liabilities associated with assets held for sale	-	-	45.2
Total current liabilities	**1,964.3**	**1,867.7**	**1,643.5**
Non-current liabilities			
Borrowings	1,692.8	1,872.1	2,248.0
Lease liabilities[2]	426.9	457.2	-
Employee benefits provisions	11.1	12.1	11.6
Deferred tax liabilities[3]	231.0	308.4	260.8
Derivatives	122.1	63.0	67.1
Other	47.8	46.2	41.3
Total non-current liabilities	**2,531.7**	**2,759.0**	**2,628.8**
Total liabilities	**4,496.0**	**4,626.7**	**4,272.3**
Net assets	**1,628.2**	**1,952.2**	**1,900.0**
Equity			
Share capital	1,920.1	1,920.1	1,920.1
Treasury shares	(12.7)	(13.0)	(12.6)
Reserves	193.7	373.5	323.4
Accumulated losses	(792.3)	(718.8)	(686.0)
Equity attributable to Shareholders of Coca-Cola Amatil Limited	**1,308.8**	**1,561.8**	**1,544.9**
Non-controlling interests	319.4	390.4	355.1
Total equity	**1,628.2**	**1,952.2**	**1,900.0**

1 Movements in balances are primarily caused by impairment charges
2 Balances arise due to adoption of the new lease accounting standard from 1 January 2019
3 2019 includes a deferred tax asset of $20.1 million relating to the new lease accounting requirements

(e) Historical consolidated statement of cash flows

	2020 $M	2019 $M	2018 $M
Inflows/(outflows)			
Operating cash flows			
Receipts from customers	5,754.3	6,199.5	5,945.1
Payments to suppliers and employees[1]	(4,759.2)	(5,374.1)	(5,076.1)
Interest income received	32.4	42.3	23.0
Interest and other finance costs paid[2]	(104.6)	(100.1)	(109.9)
Income taxes paid	(83.3)	(99.9)	(159.6)
Net operating cash flows	**839.6**	**667.7**	**622.5**
Investing cash flows			
Payments for:			
— additions of property, plant and equipment	(179.6)	(204.3)	(306.7)
— additions of software development assets	(29.1)	(29.2)	(32.6)
— additions of other intangible assets	(1.1)	(1.3)	(0.4)
— investments	(8.2)	(5.2)	(37.4)
— acquisition of a business, net of cash acquired	–	–	(15.2)
— held to maturity investments	–	–	(113.6)
Proceeds from:			
— disposal of property, plant and equipment[3]	6.5	33.7	86.5
— disposal of business	–	39.6	–
— held to maturity investments	45.6	33.3	–
— government grant relating to additions of property, plant and equipment	–	–	5.0
— dividends received from investments	0.2	0.2	0.3
— return of investment in joint venture	0.9	–	–
— disposal of subsidiary	5.2	–	–
Net investing cash flows	**(159.6)**	**(133.2)**	**(414.1)**
Financing cash flows			
Proceeds from borrowings and other financial liabilities	170.5	153.8	429.0
Borrowing repaid[2]	(390.0)	(429.2)	(424.3)
Payments for share buy-back, including transaction costs	–	–	(0.4)
Dividends paid	(253.4)	(369.2)	(340.2)
Dividend paid to non-controlling interests	(0.4)	(0.4)	(0.3)
Loan given	(3.0)	(2.3)	(6.5)
Net financing cash flows	**(476.3)**	**(647.3)**	**(342.7)**
Net decrease in cash and cash equivalents	203.7	(112.8)	(134.3)
Cash and cash equivalents held at the beginning of the year	854.4	935.4	1,036.3
Effects of exchange rate changes on cash and cash equivalents	(42.1)	31.8	33.4
Cash and cash equivalents held at the end of the year	**1,016.0**	**854.4**	**935.4**

1 Includes $28.1 million, (2019: $39.0 million, 2018: $56.5 million) of cash outflows relating to non-trading items of the respective period.

2 The balances arise or have been impacted by the adoption of the new leasing accounting standard from 1 January 2019. In the previous year, lease payments formed part of payments to suppliers and employees within operating cash flows. Under the new standard, lease payments (excluding short-term, low-value and variable leases) are allocated between interest and principal components and classified within operating and financing cash flows respectively.

3 Includes $3.4 million, (2019: $27.6 million, 2018: $82.9 million) of cash inflows relating to non-trading items of the respective period.

6.6 Material changes in financial position (since 31 December 2020)

To the knowledge of the Amatil Directors, other than accumulation of profits in the ordinary course of business, the financial position of Amatil has not changed materially since 31 December 2020.

6.7 Impact of the ongoing COVID-19 pandemic on Amatil's operations

A summary of the impact of ongoing COVID-19 pandemic on Amatil's operations is set out below.

(a) Earnings and dividend payout ratio guidance

In response to the significant uncertainty in relation to the duration and impact of the COVID-19 pandemic, Amatil announced on 17 March 2020 that it was withdrawing its expectation of mid-single digit earnings per share growth in 2020 and in the medium term announced on 20 February 2020.

On 17 April 2020, Amatil also announced that, given the uncertainty as to the duration of the pandemic and the likelihood of a protracted economic recovery in at least some of the geographic markets in which Amatil operates, the Amatil Board had decided to temporarily withdraw Amatil's dividend payout ratio guidance. Amatil also announced that it was withdrawing its expectation of dividend franking levels being above 50% in 2021 and its previous commentary in relation to its expectation that there would be no net non-trading item charges in FY2020.

(b) Trading conditions

The COVID-19 pandemic, as well as government and market responses to the pandemic, has had an overall adverse impact on the Amatil Group's trading performance, including:

- a decline in volume and revenue, due to customers being closed or in decline and consumers staying at home across the Amatil Group's major markets; and
- margin erosion as a result of changes in channel and product mix which has arisen due to social distancing and other restrictions on consumer mobility in Amatil's major markets. This has included a shift in demand towards grocery channels, where Amatil often generates a lower margin due to the size and purchasing power of these customers, as well as an increase in at-home consumption and therefore consumption of lower margin products (such as multi-packs or multi-serve bottles) as opposed to single serve products available via Amatil's OTG Channels.

As announced by Amatil to the ASX on 20 August 2020, in the first half of calendar year 2020, the effect of the COVID-19 pandemic on Amatil's businesses contributed to a decline in Amatil Group trading revenue by 9.2% in the first half of calendar year 2020 compared to the previous corresponding period. Whilst the specifics in each market in which the Amatil Group operates differed, overall wide-spread outlet closures and restricted trading impacted OTG Channels resulting in volume transitioning to lower margin channels and packs.

On 18 February 2021, Amatil announced its audited FY2020 results. While Amatil Group volumes were down 8.4% versus the prior year, Amatil announced that it had experienced an improvement in trading conditions in a number of its major markets in the second half of calendar year 2020, with Amatil Group volumes down for 2H 2020 down 5.4% compared with the prior corresponding period, compared to the first half of calendar year 2020 where Amatil Group volumes were down 11.6% on the prior corresponding period. In its announcement to the ASX on 18 February 2021, Amatil noted that the rate of improvement had varied markedly across the Amatil Group's geographic markets. In particular, Amatil noted that:

- New Zealand delivered volume growth in the fourth quarter of the financial year ended 31 December 2020 (**4Q20**) of 5.2% on the previous corresponding period;
- Australian volumes delivered growth of 0.4% in 4Q20 compared to the previous corresponding period (albeit with a marked difference in recovery rates across states and territories reflecting differing levels of COVID-19 restrictions); and
- Indonesian volumes continued to be hampered by the spread of COVID-19 infections and the consequential impact on consumer mobility and economic activity, declining 18.7% in 4Q20 compared to the previous corresponding period. Trading conditions in Indonesia continued to remain challenging in January 2021 due to the COVID-19 infection.

Amatil also announced that the lower FY2020 volumes impacted total Amatil Group revenue which fell 6.1% compared to the financial year ended 31 December 2019.

6.8 Outlook

The ongoing uncertainty of the COVID-19 pandemic, and the resultant impact on, and uncertainty in relation to, macroeconomic conditions means there is insufficient knowledge to predict with certainty the Amatil Group's future earnings.

As at the date of this Scheme Booklet, uncertainties in relation to the COVID-19 pandemic remain in all of the Amatil Group's markets, particularly in Indonesia where the number of confirmed infections remains high. While progress in controlling the spread of the COVID-19 virus in Australia and New Zealand has been made, volatility in the Amatil Group's trading remains and will likely continue so long as the risk of COVID-19 infections increasing remains. In addition, it is expected that the medium-long term economic consequences from the COVID-19 pandemic are unlikely to be fully understood for some time.

In response to the COVID-19 pandemic, the Amatil Group took a number of actions in CY2020 to protect the areas of its business which are, and will continue to be, important to the Amatil Group's recovery from the impacts of the COVID-19 pandemic across Amatil's markets. In particular, the Amatil Group took steps to reduce its cost base via temporary cost reductions to minimise the impact of the short-term decline in demand, as well as permanent cost reductions. The Amatil Group also launched an earnings improvement program, 'Fighting Fit', focused on increased efficiency in the Amatil Group and Australian business segment support costs. Amatil also shifted its promotional and marketing efforts towards more affordable products in certain markets such as Indonesia where the economic impact of the COVID-19 pandemic is expected to be most sustained.

These initiatives are expected to ready the Amatil Group to be more resilient to future adverse economic and/or health related events.

6.9 Capital structure

As at the Last Practicable Date, the capital structure of Amatil is as follows:

Type of security	Number on issue
Amatil Shares	723,999,699
Amatil Equity Incentives	3,454,339 comprised of: • 894,272 vested share rights (2018-2020 LTIP) • 1,402,218 unvested share rights (2019-2021 LTIP) • 1,157,849 unvested share rights (2020-2022 LTIP)

As at the Last Practicable Date, 1,002,216[83] of the Amatil Equity Incentives set out above are held by the Amatil Group Managing Director, Ms Alison Watkins. Please refer to section 10.2 of this Scheme Booklet for further information in relation to the interests of Amatil Directors in Amatil Equity Incentives.

In compliance with the relevant plan rules and other terms governing the relevant awards, the Amatil Board (excluding Ms Watkins, Mr Garduño and Mr Thirumalai) has exercised its discretion to, subject to the Scheme becoming Effective, vest all unvested Amatil Equity Incentives granted pursuant to the 2019-2021 LTIP and 2020-2022 LTIP in full.

Please refer to section 10.3 of this Scheme Booklet for further details.

On 30 August 2019, Amatil issued $133,000,000 2.45% fixed rate senior notes due on 30 August 2029 under its US$2,000,000,000 programme for the issuance of notes, which are also quoted on the ASX.[84]

83 Comprised of 276,136 vested Amatil Equity Incentives and 726,080 unvested Amatil Equity Incentives.
84 See Amatil's Appendix 3B dated 2 September 2019 available on the ASX website at www2.asx.com.au.

6.10 Substantial holders of Amatil Shares

As at the Last Practicable Date and based on filings released on the ASX on or before the Last Practicable Date, so far as known to Amatil, there are no substantial holders of Amatil Shares other than as set out in the table below:[85]

Substantial holder	Number of Amatil Shares	Percentage of issued capital
Coca-Cola Holdings (Overseas) Limited Coca-Cola European Partners plc, CCEP Australia Pty Ltd and each body corporate controlled by CCEP[86]	223,049,276	30.808%
UBS Group AG and its related bodies corporate	47,017,288	6.494%

The interests listed in this section 6.10 are as disclosed to Amatil in substantial holding notices in accordance with the Corporations Act. Information in respect of substantial holdings arising, changing or ceasing after this time or in respect of which the relevant announcement is not available on ASX's website is not included in this section 6.10.

6.11 Amatil Share price history

As at 22 October 2020, being the last trading day for Amatil Shares prior to the announcement of the Initial CCEP Proposal on 26 October 2020:

(a) the closing price of Amatil Shares on the ASX was $10.75;

(b) the highest recorded daily closing price for Amatil Shares on the ASX in the previous 3 months was $10.75 on 22 October 2020; and

(c) the lowest recorded daily closing price for Amatil Shares on the ASX in the previous 3 months was $8.13 on 3 August 2020.[87]

As at 5 March 2021, being the Last Practicable Date:

(a) the closing price for Amatil Shares on the ASX was $13.42;

(b) the highest recorded daily closing price for Amatil Shares on the ASX in the previous 3 months was $13.45 on 4 March 2021; and

(c) the lowest recorded daily closing price for Amatil Shares on the ASX in the previous 3 months was $12.76 on 7, 8, 9, 10 and 11 December 2020.[88]

85 The table below excludes any shareholdings held in a nominee or custodian capacity so far as is known to Amatil.

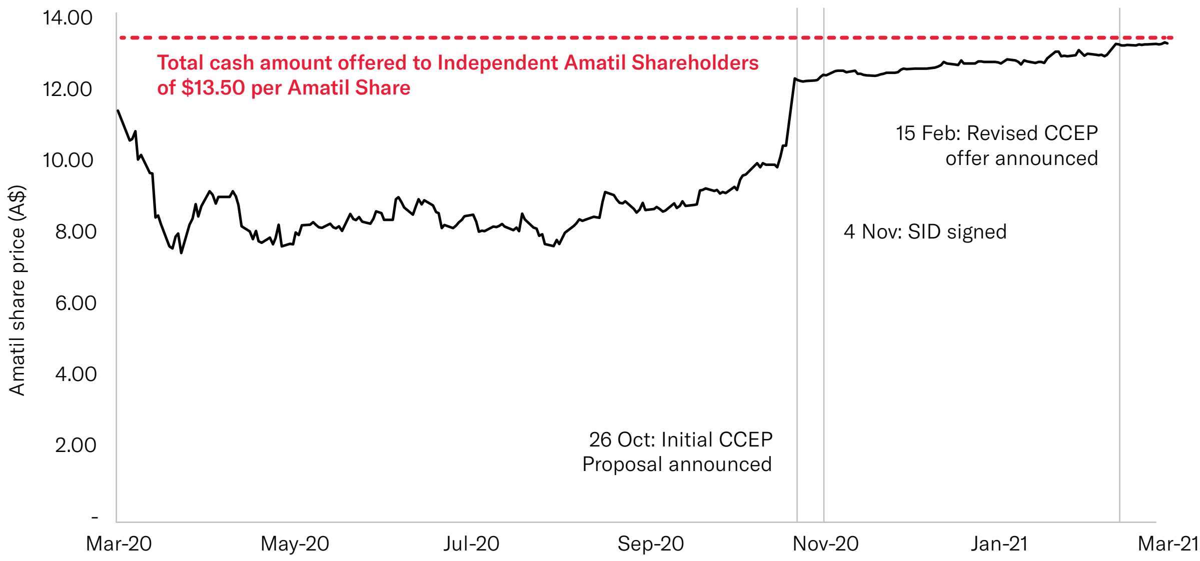
86 The CCEP Entities disclosed in a Form 604 dated 4 November 2020 provided to Amatil and lodged with ASX and which attached a copy of the Co-Operation and Sale Deed that:

- each of CCEP and CCEP Sub holds a Relevant Interest in the Amatil Shares held by TCCC Holder by virtue of CCEP and CCEP Sub entering into the Co-Operation and Sale Deed between CCEP, CCEP Sub, TCCC and TCCC Holder under which CCEP Sub will, on completion, acquire from TCCC Holder 78,191,967 Amatil Shares and on completion and/or on a later date pursuant to a put option, acquire the remaining 144,857,309 Amatil Shares held by TCCC Holder; and
- each member of CCEP Group is also deemed to hold a Relevant Interest in 223,049,276 Amatil Shares pursuant to section 608(3)(b) of the Corporations Act by virtue of it being a body corporate controlled by CCEP.

87 Source: IRESS data.

88 Source: IRESS data.

The graph below shows Amatil's share price performance over the 12 months up to and including the Last Practicable Date:



Source: IRESS daily closing prices.

The current price of Amatil Shares on the ASX (ASX: CCL) can be obtained from the ASX website (www2.asx.com.au).

6.12 Publicly available information about Amatil

As an ASX-listed company and "disclosing entity" for the purpose of the Corporations Act, Amatil is subject to regular reporting and disclosure obligations. Among other things, these obligations require Amatil to announce price sensitive information to the ASX as soon as Amatil becomes aware of that information, subject to some exceptions.

The ASX maintains files containing publicly disclosed information about all entities listed on the ASX. Information disclosed to the ASX by Amatil is available on ASX's website (www2.asx.com.au).

In addition, Amatil is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Amatil may be obtained using services provided by ASIC. Please note that ASIC may charge a fee in respect of such services.

Amatil Shareholders may obtain a copy of Amatil's 2019 Annual Financial Report and its 2020 Half Year Report free of charge from ASX's website (www2.asx.com.au) or from Amatil's website (www.ccamatil.com/au/Investors).

A list of announcements made by Amatil to the ASX from 23 April 2020, being the date Amatil lodged its 2019 Annual Report with the ASX to 5 March 2021, being the Last Practicable Date, is set out below:

Date	Description of announcement
23/04/2020	2020 AGM Notice of Meeting
23/04/2020	2019 Corporate Governance Statement and Appendix 4G
15/05/2020	Appointment of Group Chief Financial Officer
15/05/2020	Virtual AGM Resources & FAQs
26/05/2020	Coca-Cola Amatil COVID-19 Trading Update
26/05/2020	2020 AGM- Chairman & GMD address & AGM presentation
26/05/2020	2020 AGM- Results of Meeting
26/05/2020	Change of Group Company Secretary
02/06/2020	Ceasing to be a substantial holder
17/06/2020	Appendix 3G
17/06/2020	Change of Director's Interest Notice – Alison Watkins
23/07/2020	Asset Value Review and June Trading
23/07/2020	Restatement of 1H2019 and FY2019 Segment Financial Results
11/08/2020	Response to media re Queensland Coal Royalties Proceedings
20/08/2020	2020 Half Year Results & Appendix 4D
20/08/2020	2020 Half Year Results (1H 2020) ASX Release
20/08/2020	2020 Half Year Result Investor Presentation Pack
20/08/2020	Dividend/Distribution – CCL
27/08/2020	Change of Director's Interest Notice – Massimo (John) Borghetti
27/08/2020	Change of Director's Interest Notice – Penelope Ann Winn
14/09/2020	Update – Dividend/Distribution – CCL
24/09/2020	Credit rating agencies
12/10/2020	Coca-Cola Amatil Investor Session 2 November 2020
23/10/2020	Pause in Trading
23/10/2020	Trading Halt
26/10/2020	CCEP indicative proposal and trading update
26/10/2020	Becoming a substantial holder
26/10/2020	Investor Briefing Presentation
26/10/2020	Investor Briefing Presentation Confirmation of Authorisation
30/10/2020	Coca-Cola Amatil Investor Session Cancelled
04/11/2020	Amatil enters into Scheme Implementation Deed with CCEP
04/11/2020	Change in substantial holding
31/12/2020	Change of Director's Interest Notice – Alison Watkins

Date	Description of announcement
22/01/2021	4Q20 and 2020 Full Year Trading Update
22/01/2021	4Q20 and 2020 Full Year Trading Update – Analyst Call Recording
01/02/2021	Scheme Implementation Deed Conditions – FIRB Approval
15/02/2021	CCEP Increases Offer Price
16/02/2021	Changes in Indonesia and Papua New Guinea Leadership
18/02/2021	Dividend/Distribution - CCL
18/02/2021	2020 Full Year Results Presentation
18/02/2021	2020 Full Year Results (FY20) ASX Release
18/02/2021	2020 Financial and Statutory Reports & Appendix 4E
19/02/2021	Becoming a substantial holder
19/02/2021	Becoming a substantial holder from MUFG
22/02/2021	Ceasing to be a substantial holder from MUFG
22/02/2021	Change in substantial holding

6.13 Litigation

As at the date of this Scheme Booklet, Amatil is not aware of any material legal disputes or litigation matters involving the Amatil Group or to which an Amatil Group Member is a party, other than as set out below.

As announced to the ASX on 11 August 2020, on 24 July 2020, Associated Product & Distribution Proprietary (a subsidiary of Amatil) (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 paid pursuant to its mineral rights has been challenged by the State of Queensland. Such proceedings are in connection with certain sub-surface strata and associated mineral rights retained by APD following the sale in the late 1980s of certain land in Queensland used for sheep and cattle operations previously owned by APD in relation to the historical Snack Foods division operated by Amatil. Since 2014, Amatil has received approximately $80 million in royalties, which has been recorded as "other revenue" in Amatil's financial statements. Amatil intends to defend APD's rights to all royalty income, past and future. A full copy of Amatil's ASX announcement in respect of the proceedings can be obtained from the ASX website at www2.asx.com.au and Amatil's website at www.ccamatil.com/au/Investors/ASX-announcements.

Certain Amatil Group Members are also a party to a proceeding in the Supreme Court of New South Wales and joined to a proceeding in the Federal Court relating to the business and asset sale of the SPC business completed in mid-2019. Amatil does not consider this matter to be material.

6.14 Creditors

As at the date of this Scheme Booklet, Amatil has paid and is paying all its creditors within Amatil's normal terms of trade. Each Amatil Group company is solvent and is trading in an ordinary commercial manner.

The Scheme, if implemented, is not expected to materially prejudice Amatil's ability to pay its creditors.

7. INFORMATION ABOUT CCEP

This section 7 has been prepared by CCEP. The information concerning CCEP, CCEP Sub and CCEP Group and the intentions, views and opinions contained in this section 7 are the responsibility of CCEP. Neither Amatil, nor any other Amatil Group Members, nor any of their respective directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the information in this section 7.

7.1 Overview of CCEP

(a) Principal activities, operations and history of CCEP

CCEP is a public company incorporated in England and Wales that is listed on stock exchanges in New York, London, Amsterdam and the continuous market of the Spanish Stock Exchanges. As at the Last Practicable Date, CCEP has a market capitalisation on the NYSE of approximately US$24.063 billion.[89] CCEP was formed in 2016 through the merger of Coca-Cola Enterprises, Inc., Coca-Cola Iberian Partners, S.A and Coca-Cola Erfrischungsgetränke GmbH.

CCEP is a leading consumer goods company, a strategic bottling partner to TCCC in Western Europe and the world's largest independent Coca-Cola bottler by revenue as at the Last Practicable Date. CCEP's beverage portfolio includes Coca-Cola trademark brands, organic ready-to-drink teas, coffees and juices.

As at the Last Practicable Date, CCEP operates in 13 countries, serving one million outlets, over 300 million consumers and employing over 22,000 people. Those countries are Andorra, Belgium, France, Germany, Great Britain, Iceland, Luxembourg, Monaco, the Netherlands, Norway, Portugal, Spain, and Sweden.

More information about CCEP's activities, operations and history can be found at https://www.cocacolaep.com.

(b) CCEP Board

As at the date of this Scheme Booklet, the CCEP Board comprises the following directors:

- Sol Daurella (Chair);
- Damian Gammell (Chief Executive Officer);
- Jan Bennink (Non-executive Director);
- John Bryant (Non-executive Director);
- José Ignacio Comenge (Non-executive Director);
- Christine Cross (Non-executive Director);
- Irial Finan (Non-executive Director);
- Nathalie Gaveau (Non-executive Director);
- Álvaro Gómez-Trénor Aguilar (Non-executive Director);
- Thomas H. Johnson (Non-executive Director and Senior Independent Director).
- Dagmar Kollmann (Non-executive Director);
- Alfonso Líbano Daurella (Non-executive Director);
- Mark Price (Non-executive Director);
- Mario Rotllant Solá (Non-executive Director);
- Brian Smith (Non-executive Director);
- Dessi Temperley (Non-executive Director); and
- Garry Watts (Non-executive Director).

Profiles of each of the directors of CCEP can be found at https://www.cocacolaep.com/about-us/governance/board-of-directors/.

89 Based on CCEP's closing share price on the NYSE of US$52.89 on the Last Practicable Date.

(c) **Ownership of CCEP**

As at 28 February 2021, CCEP has two shareholders of which CCEP is aware who hold an interest in CCEP greater than 5%. TCCC, indirectly owns 19.33% of the shares in CCEP and Olive Partners, S.A. owns 36.51% of the shares in CCEP.

7.2 Overview of CCEP Sub

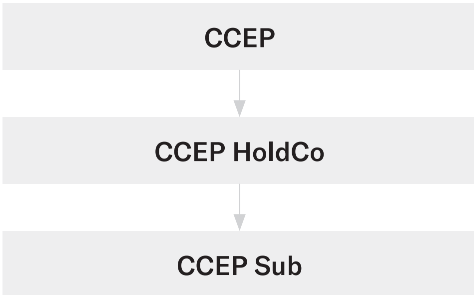
(a) **Ownership structure, principal activities and operations**

CCEP Sub is an Australian proprietary company incorporated on 30 October 2020 for the purpose of acquiring the Amatil Shares pursuant to the terms of the Scheme and the CCEP/TCCC Transaction.

CCEP Sub is a direct wholly-owned subsidiary of CCEP HoldCo which is in turn a direct wholly-owned subsidiary of CCEP.

CCEP Sub has not conducted any business and does not own any assets or have any liabilities other than in connection with its incorporation, entry into the Scheme Implementation Deed and Co-Operation and Sale Deed and the taking of such other actions as necessary to facilitate the implementation of the Scheme (including actions in relation to the incurrence of costs, fees and expenses in connection with the Scheme).

The following structure chart depicts the ownership structure of CCEP Sub:



(b) **Directors**

As at the date of this Scheme Booklet, the directors of CCEP Sub are Kathleen Veirman, Paul van Reesch and Christopher Slack. Brief profiles of each of these directors are set out below:

(1) Kathleen Veirman

Kathleen is Vice President Legal – Northern Europe Business Unit of CCEP. She has worked in a variety of legal roles in CCEP since 2004, including Vice President, Legal – BeNeLux. Prior to joining CCEP she worked in similar roles at Unilever and prior to that was a lawyer at the Brussels Bar. She studied for a Bachelor of Law and a Masters of Law at KU Leuven in Belgium. She subsequently completed a Postgraduate Teacher Training at the Vrije Universiteit Brussels (Belgium).

(2) Paul van Reesch

Paul is Vice President Legal – Corporate and Deputy Company Secretary of CCEP. He heads up the Corporate Legal team and Company Secretariat at CCEP. He has worked in a variety of legal roles in CCEP since 2004, including Vice President, Legal - Great Britain. Prior to joining CCEP he was an Associate at Snedden Hall & Gallop in Australia. He studied for a Bachelor of Law at the University of Canberra before completing his Masters of Law at The Australian National University. He subsequently completed a Postgraduate Diploma in EC Competition Law at King's College London, part of the University of London.

(3) Christopher Slack

Christopher is a business finance specialist who founded The Finance Consultancy in 2018 to work specifically with brokers and accountants on commercial and equipment finance transactions and training. Previously, he was the National Business Development Manager with Platform Consolidated Group rolling out Asset Finance Solutions for Aussie Home Loans and prior to that managed Global Capital's Business Finance Division and ran Count Financial Group's Asset Finance Business.

7.3 Rationale for proposed acquisition of Amatil

The acquisition of Amatil under the terms of the Scheme and the CCEP/TCCC Transaction reflects CCEP's commitment to driving long term sustainable growth. CCEP has a proven, strong track record of creating value for its customers and shareholders, and the acquisition of Amatil is expected to provide continued opportunity to generate enhanced value.

The acquisition of Amatil is expected to enable CCEP to grow its business in complementary, developed markets with attractive long term macro growth fundamentals alongside an attractive emerging growth market. The combination of the CCEP and Amatil businesses is expected to create a broader and more balanced geographic footprint, while almost doubling consumer reach. The acquisition is also expected to enable faster scale by combining the talent, learning and best practices of the two businesses, and further strengthen CCEP's strategic partnership with TCCC.

CCEP intends to continue the commitments in its sustainability action plan – 'This is Forward' – and will work closely to understand the sustainability progress of the Amatil business areas as CCEP works towards accelerating towards a green future. 'This is Forward' was created with TCCC and developed through continuous consultation with CCEP's stakeholders, including customers, non-governmental organisations and suppliers. The plan places sustainability at the heart of CCEP's business strategy. Through 'This is Forward', CCEP is taking action on six key social and environmental areas where CCEP knows it has significant impact, and which its stakeholders want it to prioritise. In each of these areas, CCEP has made a number of commitments which align with the targets underpinning the UN Sustainable Development Goals.

7.4 Funding arrangements for the Scheme Consideration

(a) **Cash consideration**

The Scheme Consideration will be paid wholly in cash.

If the Scheme is approved and implemented, each Independent Amatil Shareholder will be entitled to receive $13.50 cash (less the cash amount[90] of the 2H 2020 Dividend[91]) for each Amatil Share that they own as at the Scheme Record Date,[92] as further described in section 4.2 of this Scheme Booklet.

Having regard to Amatil's issued share capital as at the Last Practicable Date (see section 6.9 of this Scheme Booklet), the proposed treatment of the Amatil Equity Incentives (see section 10.3 of this Scheme Booklet) and the total cash amount of $13.50 per Amatil Share offered to Independent Amatil Shareholders (less the cash amount of the 2H 2020 Dividend being $0.18 per Amatil Share), the maximum consideration payable by CCEP Sub in connection with the Scheme will be $6,718,671,429.84 (**Maximum Scheme Consideration**).

Pursuant to the Deed Poll, CCEP Sub has undertaken in favour of each Scheme Shareholder to deposit, or procure the deposit of, an amount equal to the Scheme Consideration payable to all Scheme Shareholders into a trust account operated by Amatil as trustee for the Scheme Shareholders by the Business Day prior to the Implementation Date.

CCEP has undertaken in favour of each Scheme Shareholder that, in the event CCEP Sub will not or does not fulfil its obligations to pay the Scheme Consideration into the trust account in accordance with the terms of the Deed Poll, CCEP will perform that obligation.

For further details regarding CCEP and CCEP Sub's obligations under the Deed Poll, see section 4.7(h) of this Scheme Booklet. A copy of the Deed Poll is reproduced in Annexure 3.

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90 For this purpose, the cash amount of the dividend will be taken to be the cash amount as declared or determined to be paid by Amatil with no reduction or offset for any dividend withholding tax, any withholding on account of non-quotation of an ABN or TFN or any other withholding or reduction in the amount received by any Amatil Shareholder.

91 The Scheme Consideration will not be reduced by the cash amount of any 1H 2021 Dividend, which, if declared and paid by Amatil, will be in addition to the Scheme Consideration.

92 The Scheme Record Date is currently expected to be 3 May 2021 or such other time and date as Amatil, CCEP and CCEP Sub agree in writing.

Under the CCEP/TCCC Transaction, CCEP Sub:

- will also acquire 78,191,967 Amatil Shares held by TCCC Group on the Implementation Date for cash consideration; and
- may elect to acquire up to an additional 144,857,309 Amatil Shares held by TCCC Group under the CCEP/TCCC Transaction on the Implementation Date for consideration comprising cash and/or an undertaking to procure the issue of CCEP Shares to TCCC Group, at CCEP Sub's election. CCEP intends to elect that the consideration in respect of any Remaining Sale Shares which it elects to acquire at implementation of the Scheme will be in the form of cash rather than CCEP Shares.

CCEP Sub has agreed with TCCC Group that the election as to the number of Remaining Sale Shares it will acquire will be made no later than 14 days prior to the date of the Scheme Meeting.[93]

Further details of the CCEP/TCCC Transaction including the consideration payable in respect of that transaction and the treatment of the remaining Amatil Shares that CCEP does not elect to acquire on the Implementation Date are set out in section 5 of this Scheme Booklet.

If CCEP Sub elects to acquire all of the additional 144,857,309 Amatil Shares held by TCCC Group for cash on the Implementation Date, the maximum consideration payable by CCEP Sub to TCCC Group for the 223,049,276 Amatil Shares under the CCEP/TCCC Transaction will be $2,265,364,326.26 (**Maximum TCCC Consideration**).

Pursuant to the terms of the Co-Operation and Sale Deed, CCEP Sub is required to pay the cash consideration under the CCEP/TCCC Transaction to TCCC Group immediately after the payment of the Scheme Consideration to Scheme Shareholders on the Implementation Date (or such other time as is agreed between CCEP, CCEP Sub, TCCC and TCCC Holder).

(b) **Overview of funding arrangements**

Subject to the remainder of this section 7.4(b), the Maximum Scheme Consideration, the Maximum TCCC Consideration and any associated transaction costs (**Maximum Funding Requirement**) are proposed to be funded by CCEP through a combination of the following:

- **Debt:** External debt to be provided to CCEP:
  - under a term facility agreement (**Facility Agreement**) pursuant to which Barclays Bank PLC; Banco Santander, S.A., London Branch; BNP Paribas Fortis SA/NV; Citibank, N.A., London Branch; Coöperatieve Rabobank U.A. trading as Rabobank London; Credit Suisse AG, London Branch; Deutsche Bank Luxembourg S.A.; Goldman Sachs Bank USA; JPMorgan Chase Bank, N.A., London Branch; Mizuho Bank, Ltd.; The Hongkong and Shanghai Banking Corporation Limited; UniCredit Bank AG, New York Branch; and Westpac Banking Corporation have agreed to provide CCEP with a loan facility (**Facility**) to fund CCEP's payment of the Maximum Funding Requirement. Under the Facility, CCEP will have access to funds up to an aggregate amount of €4,400,000,000 (which is equivalent to $6,823,821,339.95[94]); and/or
  - if CCEP chooses, subject to market conditions at the time, under a debt capital markets issue (**Bond Issue**). The total commitments available under the Facility will be reduced by the amount of any Bond Issue used to fund the Maximum Funding Requirement.
- **Cash:** Existing cash and cash equivalents of CCEP. As at 31 December 2020, CCEP had available internal cash reserves and cash equivalents with an aggregate value of approximately €1.523 billion (which is equivalent to $2,361,972,704.71[95]) (**Cash Reserves**). The Cash Reserves have not been reserved for any other purpose.

Foreign exchange exposure for CCEP resulting from the Maximum Funding Requirement being denominated in Australian dollars and the Facility, the Bond Issue and the Cash Reserves being denominated in a currency other than Australian dollars has been hedged using deal-contingent foreign exchange forward transactions.

93 The Scheme Meeting is currently scheduled for 10.00am (Sydney time) on 16 April 2021.

94 As at 31 December 2020 and based on EUR/AUD exchange rate of A$1=€0.6448 (being the rate published by the Reserve Bank of Australia for the Last Practicable Date).

95 Based on EUR/AUD exchange rate of A$1=€0.6448 (being the rate published by the Reserve Bank of Australia for that date).

CCEP will provide CCEP Sub with sufficient funds equal to the Maximum Funding Requirement to enable it to purchase all of the Scheme Shares on the Implementation Date pursuant to the terms of the Scheme and up to 223,049,276 TCCC Amatil Shares on the Implementation Date pursuant to the terms of the CCEP/TCCC Transaction.

As at the date of this Scheme Booklet, CCEP and CCEP Sub have not decided on the exact proportions in which the Maximum Funding Requirement will be satisfied by funding sourced from the Facility and/or Cash Reserves or whether or not CCEP will proceed with a Bond Issue.

CCEP also reserves the right to enter into other alternative debt financing arrangements to fund the Maximum Funding Requirement and may decide to fund the Maximum Funding Requirement through means other than by way of the Facility, Cash Reserves and Bond Issue (including existing facilities, commercial paper, private placement debt or term loan facilities), in each case in accordance with the Scheme Implementation Deed.

In relation to the Facility, drawdown is subject to the satisfaction of certain conditions which are customary for a debt facility provided on a certain funds basis and include:

- the Scheme becoming Effective;
- there being no breach of certain material provisions of the Facility Agreement and certain limited representations and warranties being true in all material respects;
- delivery by CCEP of certificates confirming certain matters in relation to these conditions and confirming that no term or condition of the Scheme has been waived or amended in breach of the Facility Agreement;
- delivery by CCEP of copies of certain documents including a copy of this Scheme Booklet; and
- other customary conditions in respect of matters such as payment of fees and expenses, delivery of certain financial information in relation to Amatil, delivery of customary legal opinions, evidence of authority and delivery of documentation required by certain regulatory authorities.

As at the date of this Scheme Booklet, CCEP is not aware of any reason why the conditions to the Facility would not be satisfied so as to enable the Facility to be drawn for the purpose of funding the Scheme Consideration.

On the basis of arrangements described in this section 7.4, CCEP Sub is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will have sufficient funds available to fund the payment of the Scheme Consideration and related transaction costs.

7.5 Intentions if the Scheme is implemented

This section 7.5 sets out the current intentions of CCEP in relation to:

- the continuation of the operations and business of Amatil, including any redeployment of significant assets of Amatil;
- changes to the Amatil Board and the Amatil management team;
- the future employment of the present employees of Amatil; and
- the delisting of Amatil from the ASX,

assuming CCEP acquires the Scheme Shares as a result of implementation of the Scheme.

The statements in this section 7 regarding CCEP's intentions are based on information concerning the Amatil Group and the general business environment which are known to CCEP at the time of the preparation of this Scheme Booklet (including certain limited non-public information made available by Amatil to CCEP). However, CCEP does not currently have knowledge of all information that is necessary to determine all the operational, commercial, taxation and financial implications of its current intentions. Any final decisions regarding these matters will be made after the Implementation Date and in light of all material information, facts and circumstances at the relevant time if the Scheme is implemented.

Accordingly, it is important to recognise that the statements set out in this section 7.5 are statements of current intention only and may change as new information becomes available or circumstances change.

The intentions of CCEP Sub are the same as the intentions of CCEP in respect of Amatil and are referred to collectively in this section as the intentions of CCEP.

(a) **Business, operations and assets**

If the Scheme is implemented, CCEP's current intention is to continue the present strategic direction of Amatil, including actively pursuing growth opportunities available to Amatil, subject to its consideration of information and circumstances at the relevant time post-acquisition.

CCEP intends to work with Amatil's Leadership Team to optimise the prospects and operating performance of the Amatil business, including through sharing the technical expertise and capabilities of CCEP.

CCEP will make a final determination on how Amatil will be integrated into the CCEP operating model after implementation of the Scheme, however, it currently intends that Amatil will operate as a new and separate business unit of CCEP.

Based on its current understanding and limited evaluation of the Amatil business, CCEP intends that no major changes will be made to the Amatil business. Nevertheless CCEP does intend to explore potential efficiencies across the CCEP and Amatil businesses where it is commercially appropriate to do so. CCEP does not believe it currently has sufficient information to have a reasonable basis for estimating the value of these potential efficiencies or the impact they may have on the operation of Amatil's business following implementation of the Scheme (if any).

CCEP also intends for Amatil's Australian operations to continue to be headquartered in Sydney.

(b) **Amatil Board**

CCEP Sub may acquire up to 223,049,276 TCCC Amatil Shares on the Implementation Date under the CCEP/TCCC Transaction. In the event that:

- CCEP Sub acquires all of these Amatil Shares on the Implementation Date, Amatil will become wholly owned by CCEP; or
- CCEP Sub acquires only some of these Amatil Shares on the Implementation Date, Amatil will be indirectly owned by CCEP and TCCC.

Under the Co-Operation and Sale Deed, for so long as TCCC directly or indirectly holds Amatil Shares, TCCC will be entitled to nominate at least one director to the Amatil Board (or such other holding entity of Amatil through which CCEP and TCCC indirectly own their respective interests in Amatil) and to nominate such further number of directors to the board of that entity so as to ensure the total number of directors appointed by TCCC represents not less than 25% of the total number of directors on the board of that entity.

It is anticipated that, excluding any current nominees of TCCC, the current directors on the Amatil Board will resign, effective on the Implementation Date. As such, following the Implementation Date, CCEP intends to reconstitute the Amatil Board so that it is comprised of nominees appointed by CCEP (and TCCC to the extent it is entitled to appoint nominees in accordance with the above arrangements).

The identity of the CCEP nominees has not yet been determined by CCEP, but will be selected to bring technical and managerial expertise to the Amatil Board.

The identity of the proposed CCEP nominees will depend on the circumstances at the relevant time, however, it is expected that a majority of the nominee board members will be drawn from the existing boards of directors and management teams of CCEP Group.

No final decisions have been made and any nomination would be subject to any required regulatory approvals and consents. However, CCEP may start any such regulatory processes in respect of potential nominees before implementation of the Scheme.

(c) **Arrangements between CCEP and TCCC**

In addition to the arrangements described in section 7.5(b) above with respect to the composition of the Amatil Board, under the Co-Operation and Sale Deed, CCEP and TCCC have also agreed:

(1) certain matters in relation to the conduct of the Amatil Board, the approval process for Amatil business plans and the provision of information in relation to Amatil, in each case with effect on and from the Implementation Date (as described in section 10.6(f) of this Scheme Booklet); and

(2) that CCEP Group and TCCC Group may undertake an internal reorganisation of their holdings in Amatil after implementation of the Scheme as described in section 10.6(j) of this Scheme Booklet, although no final decisions have been made as to whether that reorganisation will occur.

(d) **Employees and management team**

CCEP recognises that the Amatil employees and management team are an integral part, and key to the success, of Amatil's business. CCEP believes that the acquisition of Amatil will offer opportunities for Amatil's employees and management as part of a larger global enterprise and supplier of beverage products.

CCEP may make limited changes to employee and management roles as a result of potential duplication or redundancy of some roles arising from Amatil becoming part of CCEP Group and no longer being a listed entity, although no determination has been made in respect of such changes. Other than these possible changes, no specific plans in relation to any potential changes to the employee and management base at Amatil have been considered, however, CCEP's intent is to retain the majority of Amatil's existing employees in line with current operations.

(e) **Delisting**

If the Scheme is implemented, an application will be made to the ASX for Amatil to be removed from the ASX's official list, with effect from on or shortly after the Implementation Date.

7.6 CCEP's interests in Amatil Shares

(a) **Interests in Amatil Shares**

As at the date of this Scheme Booklet, CCEP and its Related Bodies Corporate had a Relevant Interest in 30.808% of the Amatil Shares, and voting power of 30.808% of Amatil, in each case in respect of the Amatil Shares held by TCCC Holder and arising from the agreement to acquire up to all of those Amatil Shares under the Co-Operation and Sale Deed. TCCC is also an Associate of CCEP under the Co-Operation and Sale Deed and has a Relevant Interest in 30.808% of the Amatil Shares, and voting power of 30.808% of Amatil, as a consequence of its wholly owned subsidiary TCCC Holder being the registered holder of Amatil Shares.

However, neither CCEP nor any Related Body Corporate of CCEP has any ability to control the exercise of any votes in respect of those Amatil Shares unless and until the Scheme becomes Effective and the purchase of those Amatil Shares completes.

(b) **No dealings in Amatil Shares in previous four months**

Other than by entering into the Co-Operation and Sale Deed, none of CCEP or any of its Associates has provided, or agreed to provide, consideration for Amatil Shares under any purchase or agreement during the four months before the date of this Scheme Booklet.

(c) **No inducing benefits given during previous four months**

During the period of four months before the date of this Scheme Booklet, none of CCEP or any of its Associates gave, offered to give, or agreed to give, a benefit to another person which was likely to induce the other person, or an Associate of the other person, to:

(1) vote in favour of the Scheme; or

(2) dispose of Amatil Shares,

where the benefit was not offered to all Independent Amatil Shareholders.

(d) **Benefits to current Amatil officers**

None of CCEP or any of its Associates will be making any payment or giving any benefit to any current director, secretary or executive officer of Amatil or any of its Related Bodies Corporate as at the date of this Scheme Booklet as compensation or consideration for, or otherwise in connection with, his or her retirement from their respective office in connection with the Scheme or the CCEP/TCCC Transaction.

7.7 Regulatory approvals

On 29 January 2021, FIRB determined that the Commonwealth has no objection to CCEP Sub acquiring up to a 100% interest in Amatil, subject to certain customary tax conditions. As a result, the FIRB Condition Precedent to the Scheme has been satisfied.

The Scheme is also subject to approval from the OIO. CCEP has applied to the OIO under the *Overseas Investment Act 2005* (NZ) for consent to the acquisition of the Amatil Shares. As at the date of this Scheme Booklet, the OIO Condition Precedent remains outstanding. The OIO has also advised CCEP that the New Zealand Minister of Finance requires the OIO consent application in relation to the Scheme to undergo a national interest assessment, which may delay the receipt of any OIO approval by CCEP and may result in a delay to the date of the Scheme Meeting. The OIO Condition Precedent will need to be satisfied in order for the Scheme to proceed. The OIO Condition Precedent cannot be waived by any of the parties to the Scheme Implementation Deed.

7.8 No other material information

Other than as disclosed in this section 7, there is no information regarding CCEP, CCEP Group, or CCEP Sub's intentions regarding Amatil or any other information, that is material to the making of a decision by an Independent Amatil Shareholder on whether or not to vote in favour of the Scheme that is within the knowledge of any director of CCEP or CCEP Sub as at the date of this Scheme Booklet that has not been previously disclosed to Amatil Shareholders.

8. RISK FACTORS

8.1 Introduction

In considering the Scheme, the Amatil Related Party Committee and the Amatil Group Managing Director considered a number of risk factors which may result in potential future benefits to Independent Amatil Shareholders of holding Amatil Shares, but which may also adversely affect the future operating and financial performance of Amatil, the potential for Amatil to make further distributions to Amatil Shareholders and the price and/or value of Amatil Shares, as well as risks which relate to the Scheme itself.

In deciding whether to vote in favour of the Scheme, Independent Amatil Shareholders should also be aware of, and carefully consider, the risks set out in this section 8, as well as the other information contained in this Scheme Booklet.

This section 8 outlines:

(a) risks relating to the ongoing COVID-19 pandemic (see section 8.2);

(b) general and specific risks relating to the business and operations of Amatil (see section 8.3); and

(c) risks relating to the Scheme (see section 8.4).

Where practicable, Amatil seeks to implement risk mitigation strategies to minimise its exposure to some of the risks outlined in this section 8. However, there can be no assurance that such strategies will protect Amatil from these risks. Other risks are beyond Amatil's control and cannot be mitigated. In addition, it is possible that some of the risks outlined in this section 8 may increase if the Scheme is not implemented.

If the Scheme proceeds, Independent Amatil Shareholders will receive the Scheme Consideration, will cease to hold Amatil Shares and will also no longer be exposed to such risks. However, by forgoing these risks, Independent Amatil Shareholders will also be forgoing any potential opportunities or potential benefits associated with these risks in the future.

If the Scheme does not proceed, Independent Amatil Shareholders will continue to hold Amatil Shares and continue to be exposed to both the risks and the potential benefits associated with an investment in Amatil.

The risks set out in this section 8 are a summary only and do not purport to list every risk that may be associated with an investment in Amatil now or in the future. There may also be additional risks and uncertainties not currently known to Amatil which may have a material adverse effect on the Amatil Group's assets and liabilities, the future operating and financial performance of Amatil, the potential for Amatil to make further distributions to Amatil Shareholders and the price and/or value of Amatil Shares. In addition, the risks set out in this section 8 do not take into account the individual investment objectives, financial situation, position or particular needs of Independent Amatil Shareholders.

You should seek independent financial, legal, accounting, taxation and/or other professional advice before making any decision in relation to your Amatil Shares.

8.2 Risks relating to the ongoing COVID-19 pandemic

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 Scheme Booklet, the number of confirmed infections remains high. Progress has been made in controlling the spread of the COVID-19 virus in Australia and New Zealand. However, the risk of the virus re-emerging in these jurisdictions remains, as indicated by recent outbreaks in some Australian states.

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; and
- 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 OTG 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 medium-long term 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.

In addition, the risks relating to the COVID-19 pandemic may apply to future pandemics that are unrelated to COVID-19 but have a similar impact on the Amatil Group's business.

Amatil has taken a number of steps to seek to mitigate these risks insofar as they are in its control, including operational improvements and taking steps to strengthen its brand partnerships. These are described in further detail in section 6.8 of this Scheme Booklet.

8.3 Risk factors relating to the business and operations of Amatil

(a) General risks relating to the business and operations of Amatil

General risks that may impact on Amatil, the Amatil Group or the market for Amatil Shares include:

- changes in general business, industry cycles and economic conditions including inflation, interest rates, exchange rates, commodity prices and consumer demand and preferences;
- the overall performance of the Australian and international stock markets, changes in investor sentiment, recommendations by securities analysts, the operating and trading price performance of other comparable listed entities or the inclusion or removal of Amatil from major market indices;
- changes to government policy (including fiscal, monetary, taxation, employment and environmental policies), legislation or regulation (including accounting and reporting standards);
- the nature of competition in the markets in which Amatil operates; and
- weather conditions, natural disasters or catastrophes, pandemics generally and other general operational and business risks.

While there is a possibility of future benefits to Amatil Shareholders that arise from some of these risks, equally, some of these factors could adversely affect Amatil's share price regardless of Amatil's underlying operating performance.

(b) **Specific risks relating to the business and operations of Amatil**

Brand partner relationship risk

(i) 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 strategy. TCCC branded products form the majority of Amatil's beverage business and are subject to various bottlers', distributors', packers', licence and operating agreements with TCCC Group in the various markets in which Amatil operates. These 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 Group in a territory; and
- the obligations of the Amatil Group in relation to preparation and marketing requirements of TCCC Group.

While the Amatil Group's bottlers', distributors', packers', licence and operating 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 potential future dividends. The Amatil Group's agreements with relevant TCCC Group entities relating to Australia and New Zealand are due for renewal or extension in 2026 and 2025 respectively. The Amatil Group's agreements with relevant TCCC Group entities relating to Indonesia, Papua New Guinea, Fiji and Samoa were extended or renewed in 2020.

In addition, realisation of Amatil's growth ambition as described in section 6.3 of this Scheme Booklet in large part depends on alignment with TCCC Group for growth within the non-alcoholic beverage category (including through mergers and acquisitions) and growth into new geographies (that is, new TCCC Group franchise territories). Therefore, the Amatil Group's relationship with TCCC Group is of particular importance to Amatil's future growth strategy.

As described in section 6.2 of this Scheme Booklet, the Amatil Group and TCCC Group also jointly own the Coca-Cola bottling operations in Indonesia, 70.6% and 29.4% respectively, and together own 45% overall in Australia-based Made Group, which produces a range of brands including Cocobella, Rokeby Farms, Impressed and NutrientWater. Amatil's ability to deal with and operate these assets is subject to those joint ownership arrangements. Prior to entry into the Scheme Implementation Deed, Amatil received consent from TCCC Group under certain agreements between Amatil Group and TCCC Group with respect to certain matters in connection with the Scheme, including the entry by Amatil into the Scheme Implementation Deed.

(ii) Other brand partners relationship risk

In addition to TCCC Group, the Amatil Group has a number of relationships with other brand partners in the NARTD, 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, a subsidiary of Monster Beverage Corporation, giving Amatil the exclusive right to produce, distribute and sell energy drinks including Monster Energy in Australia and New Zealand, Mother in Australia, New Zealand and Fiji and BU in Papua New Guinea.

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 the production and distribution of Beam Suntory products in Australia 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, and, regardless of the outcome of the Scheme, 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.

To manage these risks, Amatil is continuing to implement a range of strategic initiatives in 2021 to improve its operational efficiency and flexibility in the markets in which it operates.

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.

Financial risks

The Amatil Group is exposed to the following financial risks:

(1) **Foreign exchange risk**

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.

(2) **Interest rate risk**

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

The Amatil Group's cash assets, borrowings, held to maturity investments and other financial and lease liabilities expose the Amatil Group to interest rate risk, including from the movement in underlying interest rates.

The Amatil 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, noting it is the Amatil Group's 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 Amatil Group primarily enters interest rate swap and cross currency swap agreements to manage these risks.

(3) **Commodity price risk**

Commodity price risk is the risk arising from volatility in commodity prices in relation to raw materials (mainly sugar, aluminium, resin and coffee) used in the Amatil Group's business.

Amatil maintains a commodity hedging program, consistent with the Amatil Board approved Treasury Policy, and regularly reviews and hedges the Amatil Group's commodity exposure. The policy is designed to minimise volatility in Australian dollar commodity prices relative to targeted or budgeted levels for a forecasted level of volume. The policy includes minimum and maximum hedging thresholds for a given period to reduce short-term exposure to spot prices and to reduce volatility over time.

The Amatil 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 Amatil 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.

(4) **Liquidity risk**

Liquidity risk is the risk there will be insufficient funds available to meet the Amatil Group's financial commitments as and when they fall due, and the risk of unforeseen events which may curtail cash inflows.

Amatil measures and monitors its actual and forecasted liquidity on an ongoing basis. In doing so, Amatil calculates an adjusted liquidity measure that excludes funds not readily accessible, such as funds held in Papua New Guinea where foreign currency availability may inhibit Amatil's ability to access these funds promptly.

As a general rule, Amatil typically holds sufficient liquidity to meet the forecasted funding requirements of the Amatil Group for 1 year, inclusive of any forecasted debt repayments.

To help reduce liquidity risk, the Amatil Group also:

- 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; and
- staggers maturities of financial assets and liabilities.

(5) **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 Amatil Group to make a financial loss.

Amatil holds an A3 credit rating with the Moody's rating agency. Furthermore, Amatil maintains a capital management policy, inclusive of key metrics to ensure it operates within its targeted policy and credit rating targets. Amatil regularly reviews financial performance and forecasts, including earnings and estimates of gross and net debt to ensure these policy and ratings are maintained.

To help manage this risk, the Amatil Group also:

- has a policy for establishing credit limits for the entities it deals with; and
- may require collateral from entities it deals with.

For credit purposes, there is only a credit risk where the contracting entity is liable to pay the Amatil 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 Treasury Policy or as approved under the Treasury 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.

The Amatil Group's maximum exposure to credit risk is the sum of the carrying amount of all cash assets, held to maturity investments, loans receivable, trade and other receivables and derivative asset balances.

(6) **Foreign currency translation risk**

The financial statements for each of Amatil's foreign operations are prepared in their local currency. For the purposes of preparing the Amatil 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 Amatil's foreign operations. As a result, volatility in foreign exchange rates can impact the Amatil Group's net assets, profit and other comprehensive income.

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 section 6.3(b) of this Scheme Booklet. 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.

Taxation risk

In addition to the corporate income taxation imposed on Amatil, Amatil is required to pay direct and indirect taxes and other imposts in the jurisdictions in which Amatil operates. Amatil may be affected by changes in government taxation policies (including the potential taxes on sugar, plastic and other packaging waste discussed above) or in the interpretation or application of such policies under Australian and overseas laws.

Amatil is also subject to regular tax audits across its jurisdictions and interacts with tax authorities on a range of issues as part of the ongoing operations of tax authorities. In addition, Amatil has also responded to the increased focus by revenue authorities on how companies structure their business across borders by publishing an annual Tax Transparency Report to provide governments and stakeholders with information on its taxation contribution in Australia.

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 manifestations of climate change that have the potential to impact Amatil are two-fold:

- physical consequences relating to the physical changes to climatic conditions; and
- transitional consequences relating to the shift to a resilient, low-carbon economy through changes in policy, regulation, technology, market and reputation.

In 2019, 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 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).

In response to these risks, Amatil has 2030 targets in place for emissions associated with its value chain, as well as use of low-carbon and renewable energy. Amatil has committed to net zero carbon emissions by 2040. In addition, Amatil has water stewardship and efficiency strategies, energy efficiency and renewable energy initiatives and supplier processes and relationships. Amatil is committed to sustaining and improving its current net zero water operations by being water stewards. Amatil is also working to improve its understanding of its own emissions profile, and that of major suppliers, and developing comprehensive plans to address climate change risks.

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.

As announced to the ASX on 11 August 2020, on 24 July 2020, Associated Product & Distribution Proprietary (a subsidiary of Amatil) (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 paid pursuant to its mineral rights has been challenged by the State of Queensland. Such proceedings are in connection with certain sub-surface strata and associated mineral rights retained by APD following the sale in the late 1980s of certain land in Queensland used for sheep and cattle operations previously owned by APD in relation to the historical Snack Foods division operated by Amatil. Since 2014, Amatil has received approximately $80 million in royalties, which has been recorded as "other revenue" in Amatil's financial statements. Amatil intends to defend APD's rights to all royalty income, past and future. A full copy of Amatil's ASX announcement in respect of the proceedings can be obtained from the ASX website at www2.asx.com.au and Amatil's website at www.ccamatil.com/au/Investors/ASX-announcements.

Certain Amatil Group Members are also a party to a proceeding in the Supreme Court of New South Wales and joined to a proceeding in the Federal Court relating to the business and asset sale of the SPC business completed in mid-2019. Amatil does not consider this matter to be material.

In order to mitigate these risks, the Amatil Group has policies, procedures, standards and guidelines, which navigate how it conducts business, and endeavours to resolve commercial disputes amicably where possible.

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; and
- 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 such as the impacts of the COVID-19 pandemic or the impacts of the Christchurch earthquakes in 2011.

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 across the Amatil Group, Amatil 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.

8.4 Risks relating to the Scheme

Implications for Amatil and Amatil Shareholders if the Scheme is not implemented

If the Scheme does not become Effective and is not implemented, Independent Amatil Shareholders will not receive the Scheme Consideration and Amatil will continue, in the absence of a Superior Proposal, to operate as a standalone entity, and remain listed on ASX.

Unless Independent Amatil Shareholders choose to sell their Amatil Shares on the ASX, Independent Amatil Shareholders will continue to hold Amatil Shares and will be exposed to both the risks (including those set out in this section 8) and the potential future benefits in retaining exposure to Amatil's business and assets.

The Amatil share price will also remain subject to market volatility and may fall in the absence of a Superior Proposal (refer to section 1.2(i) of this Scheme Booklet for further details).

Please also refer to section 4.6 of this Scheme Booklet for further details.

The Scheme Implementation Deed may be terminated by Amatil or CCEP in certain circumstances and the Scheme is also subject to various Conditions Precedent

Each of Amatil and CCEP has the right to terminate the Scheme Implementation Deed in certain circumstances, in which case the Scheme will not proceed. These termination rights are summarised in section 10.5(q) of this Scheme Booklet.

The Scheme is also subject to various Conditions Precedent that must be satisfied or waived (if capable of waiver) in order for the Scheme to be implemented. These Conditions Precedent are outlined in section 10.5(d) of this Scheme Booklet and set out in full in clause 3.1 of the Scheme Implementation Deed. The failure of a Condition Precedent to be satisfied or waived (if capable of waiver) may also give rise to a right or either Amatil or CCEP to terminate the Scheme Implementation Deed.

The Conditions Precedent include FIRB and OIO approval. As announced by Amatil to the ASX on 1 February 2021, on 29 January 2021, FIRB determined that the Commonwealth has no objection to CCEP Sub acquiring up to a 100% interest in Amatil. As a result, the FIRB Condition Precedent to the Scheme has been satisfied. As at the date of this Scheme Booklet, the OIO Condition Precedent remains outstanding.

As at the date of this Scheme Booklet, Amatil is not aware of any circumstances which would cause any outstanding Condition Precedent not to be satisfied or waived (if capable of waiver). Despite this, there is a possibility that one or more of the other Conditions Precedent will not be satisfied or waived (if capable of waiver) and that the Scheme will not proceed. In particular, there are a number of other Conditions Precedent which are outside the control of Amatil, including, but not limited to, approval of the Scheme by the Requisite Majorities, the Court, and the OIO. In this regard, there is also a risk that some or all of the aspects of the Independent Amatil Shareholder, Court and OIO approval required for the Scheme to proceed, may be delayed.[96]

If, for any reason, all of the Conditions Precedent are not satisfied or waived (if capable of waiver) and the Scheme does not proceed, or otherwise if the Scheme Implementation Deed is terminated, the Amatil Share price will continue to be subject to market volatility and may fall in the absence of a Superior Proposal.

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96 In relation to the OIO Condition Precedent, Amatil understands that the OIO has advised CCEP that the New Zealand Minister of Finance requires the OIO consent application in relation to the Scheme to undergo a national interest assessment. While Amatil is not aware of any circumstances which would cause the OIO Condition Precedent not to be satisfied as at the date of this Scheme Booklet, it is possible the OIO approval required for the Scheme to proceed may be delayed and that this may result in a delay to the date of the Scheme Meeting. Independent Amatil Shareholders should note that the OIO Condition Precedent will need to be satisfied in order for the Scheme to proceed.

Tax consequences for Scheme Shareholders

If the Scheme becomes Effective, there will be tax consequences for the Scheme Shareholders which may include tax being payable. For further detail regarding general Australian tax consequences of the Scheme, refer to section 9 of this Scheme Booklet. The tax consequences may vary depending on the nature and characteristics of Scheme Shareholders and their specific circumstances. Accordingly, you should seek professional tax advice in relation to your particular circumstances.

Risks if the Scheme is implemented

If the Scheme is implemented, you will no longer be an Amatil Shareholder and will forgo any future benefits that may result from being an Amatil Shareholder. In particular, if the Scheme is implemented, you will not be able to participate in the future financial and share price performance of Amatil, retain any exposure to Amatil's business or assets or have the opportunity to share in any value that could be generated by Amatil in the future (unless you choose to obtain indirect exposure to Amatil's business through acquiring CCEP Shares). However, there is no guarantee as to Amatil's future performance, or its future share price and financial performance, as is the case with all investments. Please refer to section 1.3(a) of this Scheme Booklet for further details.

Independent Amatil Shareholders may also consider that it would be difficult to identify or invest in alternative investments that have a similar investment profile to that of Amatil, or may incur transaction costs in undertaking any new investment.

9. TAX IMPLICATIONS

9.1 Introduction

This section 9 sets out a general summary of the key Australian income tax, goods and services tax (**GST**) and stamp duty consequences of the Scheme and the receipt of the 2H 2020 Dividend by Scheme Shareholders. The purpose of the summary is to assist Independent Amatil Shareholders understand the potential Australian tax consequences of being a Scheme Shareholder.

The summary is intended as a general guide and is based on the Australian tax laws, regulations and administrative practices in effect as at the date of this Scheme Booklet. Scheme Shareholders should be aware that any changes (with either prospective or retrospective effect) to the Australian tax laws, regulations or administrative practices may affect the taxation treatment to the Scheme Shareholders as described in this summary.

This summary is not intended to be an authoritative or complete statement of the law applicable to the particular circumstances of every Scheme Shareholder, and is not intended to be advice and should not be relied on as such. The tax consequences arising to Scheme Shareholders will vary depending on their specific profile, characteristics and circumstances. Accordingly, Scheme Shareholders should obtain independent professional advice in relation to their own particular circumstances and should not rely upon the comments contained in this summary.

The Australian tax consequences outlined below are relevant to Scheme Shareholders who are individuals, companies, trusts and complying superannuation funds that hold their Amatil Shares on capital account for Australian income tax purposes. This summary does not cover Scheme Shareholders who:

- hold their Amatil Shares as trading stock, as part of a profit-making undertaking or scheme, under an arrangement which qualifies as an employee share or rights plan for Australian tax purposes, or otherwise on revenue account;
- may be subject to special rules, such as banks, insurance companies, tax exempt organisations, certain trusts, superannuation funds (unless otherwise stated) or dealers in securities;
- are 'temporary residents' as that term is defined in section 995-1(1) of the *Income Tax Assessment Act 1997* (Cth);
- change their tax residence whilst holding Amatil Shares;
- are non-residents for Australian income tax purposes and who hold their Amatil Shares as an asset of a permanent establishment in Australia;
- are non-residents for Australian income tax purposes who, together with their associates, hold 10% or more of the shares in Amatil;
- are subject to the taxation of financial arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in relation to gains and losses on their Amatil Shares; or
- are subject to the Investment Manager Regime under Subdivision 842-I of the *Income Tax Assessment Act 1997* (Cth) in relation to their Amatil Shares.

Any persons who may be subject to tax in any jurisdiction outside Australia should obtain independent professional advice on their particular circumstances.

Amatil has applied for a class ruling from the ATO (**Class Ruling**), which it is anticipated will outline in further detail the ATO's views as to:

- the assessability of the 2H 2020 Dividend and franking credits attached to that dividend;
- the circumstances in which a Scheme Shareholder will satisfy the 'qualified person' rule with respect to the fully franked 2H 2020 Dividend; and
- the application of a certain franking integrity measure.

When the final Class Ruling is published by the ATO, it will be available on the ATO website at www.ato.gov.au. Scheme Shareholders should review the final Class Ruling when it is issued by the ATO.

9.2 Scheme Shareholders that are Australian residents

(a) Australian income tax consequences arising on disposal of Amatil Shares

Capital gains tax

A capital gains tax (**CGT**) event will happen to Scheme Shareholders when they dispose of their Amatil Shares to CCEP Sub under the Scheme. The time of the disposal for CGT purposes should be the Implementation Date.

Calculation of capital gain or capital loss

Scheme Shareholders should make a capital gain from the disposal of their Amatil Shares to the extent that the capital proceeds received exceed the cost base of their Amatil Shares. Conversely, Scheme Shareholders should make a capital loss to the extent that the reduced cost base of their Amatil Shares exceeds the capital proceeds received.

<u>Capital proceeds</u>

The capital proceeds from the disposal of the Amatil Shares should be the Scheme Consideration.

As the payment of the 2H 2020 Dividend will occur independently of the Scheme, the 2H 2020 Dividend should not form part of the capital proceeds that a Scheme Shareholder receives in respect of the disposal of their Amatil Shares.

<u>Cost base</u>

Generally, the cost base or reduced cost base of a Scheme Shareholder's Amatil Shares should broadly equal the money they paid or were required to pay to acquire the Amatil Shares plus any non-deductible incidental costs incurred in acquiring or disposing of the Amatil Shares.

<u>CGT discount</u>

Scheme Shareholders may be able to obtain discount capital gains treatment to reduce any capital gain made in respect of the disposal of the Amatil Shares if those Amatil Shares have been held for at least 12 months before the Implementation Date. The CGT discount is one half in the case of an individual or trust, or one third in the case of a complying superannuation entity. No CGT discount is available for companies.

<u>Net capital gain or net capital loss</u>

Any capital gain or capital loss made in respect of the disposal of the Amatil Shares should be aggregated with any other capital gains or capital losses that the Scheme Shareholder may have in that income year. Any resulting net capital loss may be carried forward and offset against future taxable capital gains (subject to satisfying any applicable loss recoupment rules). Any resulting capital gain (after offsetting any available carried forward capital losses) should be reduced by any applicable CGT discount and the remaining net capital gain (if any) should be included in the Scheme Shareholder's assessable income.

Scheme Shareholders should seek independent professional tax advice on the Australian tax consequences arising from the disposal of their Amatil Shares having regard to their particular circumstances.

(b) Australian income tax treatment of the 2H 2020 Dividend

Entitlement to tax offset for franking credits

Scheme Shareholders should include the 2H 2020 Dividend and the attached franking credits in their assessable income. Generally, a tax offset should be available for franking credits received. However, Scheme Shareholders will not be entitled to obtain a tax offset for the franking credits (and will not be required to include this amount in their assessable income) unless the Scheme Shareholders are 'qualified persons' in relation to the 2H 2020 Dividend and certain franking integrity measures do not apply.

'Qualified person' rule

For a Scheme Shareholder to be considered a 'qualified person' in relation to the 2H 2020 Dividend, the Scheme Shareholder must have held their Amatil Shares 'at risk' for a continuous period (excluding the day of acquisition and the day of disposal) of at least 45 days during a 90-day period (beginning on the 45th day before, and ending on the 45th day after, the day on which the shares become ex-dividend). A Scheme Shareholder will not be considered to have held their Amatil Shares 'at risk' where the Scheme Shareholder has materially diminished risks of loss or opportunities for gain in respect of the Amatil Shares (i.e. the Scheme Shareholder's net position in relation to the Amatil Shares has less than 30% of those risks and opportunities). Under the Scheme, Scheme Shareholders should cease to hold the Amatil Shares 'at risk' from the Scheme Record Date onwards.

Scheme Shareholders should seek independent professional advice regarding the application of the 'qualified person' rule to their particular circumstances.

Franking integrity rules

The franking integrity rules are intended to prevent abuse of the imputation system, e.g. by streaming franking credits. The rules are complex and Amatil has applied for a class ruling from the ATO to confirm a certain franking integrity rule should not apply. Scheme Shareholders should seek independent professional advice regarding the application of the franking integrity rules to their particular circumstances.

Entitlement to franking credits in excess of tax liability

Provided that Scheme Shareholders are 'qualified persons' in relation to the 2H 2020 Dividend and none of the franking integrity measures apply, to the extent that the Scheme Shareholders' entitlement to franking credits exceeds their tax liability for the income year:

- Scheme Shareholders who are Australian resident individuals and complying superannuation funds should be entitled to receive a refund of the excess franking credits; and
- Scheme Shareholders that are Australian resident companies may be able to convert excess franking credits into tax losses and credit their franking account with the amount of the franking credit attached to the 2H 2020 Dividend.

9.3 Scheme Shareholders that are non-residents of Australia

(a) **Australian income tax consequences arising on disposal of Amatil Shares**

Scheme Shareholders that are non-residents of Australia and who hold a less than 10% interest in Amatil should be able to disregard a capital gain or capital loss arising from the disposal of their Amatil Shares as their Amatil Shares should not constitute 'taxable Australian property'.

Scheme Shareholders that are non-residents of Australia (particularly those holding a 10% or greater interest in Amatil) should seek independent professional advice on the Australian tax consequences arising from the disposal of their Amatil Shares having regard to their particular circumstances.

(b) **Australian income tax treatment of the 2H 2020 Dividend**

For Scheme Shareholders that are non-residents of Australia, the 2H 2020 Dividend:

- should not be included in their Australian assessable income; and
- should not be subject to Australian dividend withholding tax.

Scheme Shareholders should seek independent professional advice regarding the income tax treatment of the receipt of the 2H 2020 Dividend having regard to their particular circumstances.

(c) **Foreign resident capital gains withholding tax**

On the basis the Amatil Shares held by Scheme Shareholders should not be considered 'taxable Australian property', the foreign resident capital gains withholding tax regime should not apply.

Accordingly, the regime should not operate to require CCEP Sub to withhold an amount of the Scheme Consideration that is to be paid to the Scheme Shareholders that are non-residents of Australia.

GST

GST should not be payable on the disposal of the Amatil Shares under the Scheme or the receipt of the 2H 2020 Dividend.

Scheme Shareholders may be charged GST on costs incurred in relation to the Scheme (e.g. tax, legal or other advisory fees). Certain Scheme Shareholders that are registered (or required to be registered) for GST may be entitled to claim input tax credits (or reduced input tax credits) in relation to GST incurred on these costs.

Scheme Shareholders should seek their own independent tax advice on the impact of GST having regard to their own particular circumstances.

9.4 Stamp duty

Scheme Shareholders should not be liable for any stamp duty on the disposal of their Amatil Shares.

10. ADDITIONAL INFORMATION

10.1 Interests of Amatil Directors in Amatil Shares

As at the Last Practicable Date, the Amatil Directors have the following Relevant Interests in Amatil Shares:

Amatil Director	Number of Amatil Shares
Amatil Related Party Committee Members	
Ilana Rachel Atlas, AO	42,000[97]
Massimo Borghetti, AO	22,494[98]
Mark Graham Johnson	10,000[99]
Paul Dominic O'Sullivan	22,500[100]
Penelope Ann Winn	18,300[101]
TCCC Nominee Amatil Directors	
Jorge Garduño Chavero	Nil
Krishnakumar Thirumalai	8,100[102]
Amatil Group Managing Director	
Alison Watkins	367,101[103]

Amatil Directors who hold Amatil Shares, or entities who hold Amatil Shares on behalf of Amatil Directors, will be entitled to vote at the Scheme Meeting and, if the Scheme is implemented, will receive the Scheme Consideration for their Amatil Shares along with the other Scheme Shareholders. This includes Mr Thirumalai in respect of the 8,100 Amatil Shares held by Mr Thirumalai in his personal capacity in the form of 8,100 American Depositary Receipts, held in custody by Global Securities Services, Citibank N.A., New York.

No Amatil Director acquired or disposed of a Relevant Interest in any Amatil Shares during the four months before the date of this Scheme Booklet, other than Ms Watkins, for whom 23,352 ordinary shares vested following the deferral period in the vested share account held by Solium Nominees (Australia) Pty Ltd on 31 December 2020.[104]

97 Indirectly held through Equitas Nominees Pty Ltd.
98 Indirectly held through BT Portfolio Services Ltd (Borghetti Super Fund A/C).
99 Indirectly held through Stanley Street Investments Pty Limited.
100 Directly held by Paul Dominic O'Sullivan.
101 Indirectly held through Winn Nominees Pty Ltd as trustee for Dusty Superannuation Fund.
102 Held in the form of 8,100 American Depositary Receipts, held in custody by Global Securities Services, Citibank N.A., New York.
103 Comprised of:
- 45,000 Amatil Shares held indirectly through the RJ and AM Watkins Superannuation Fund Pty Ltd;
- 142,740 Amatil Shares held indirectly through Watkins Investments Pty Ltd;
- 15,868 Amatil Restricted Shares granted under the Post Tax Share Purchase Plan held in a share account by Solium Nominees (Australia) Pty Ltd; and
- 163,493 Amatil Shares held in a vested share account by Solium Nominees (Australia) Pty Ltd.

104 See Amatil's Appendix 3Y released to ASX on 31 December 2020.

10.2 Interests of Amatil Directors in Amatil Equity Incentives

As at the Last Practicable Date, none of the Amatil Directors have a Relevant Interest in any Amatil Equity Incentives other than the Amatil Group Managing Director, Ms Alison Watkins.

As at the Last Practicable Date, Ms Watkins directly holds 726,080 unvested Amatil Equity Incentives, comprised of:

(a) 414,692 unvested share rights (2019-2021 LTIP); and

(b) 311,388 unvested share rights (2020-2022 LTIP).

Following the exercise of the Amatil Board's (excluding Ms Watkins, Mr Garduño and Mr Thirumalai) discretions, subject to the Scheme becoming Effective, all of the 726,080 unvested Amatil Equity Incentives held by Ms Watkins will vest in full and be settled in either shares or cash, and the 15,868 Amatil Restricted Shares held by Ms Watkins will be released from restrictions and will be eligible to participate in the Scheme.

Ms Watkins also holds 276,136 vested Amatil Equity Incentives granted pursuant to the 2018-2020 LTIP which have vested in the ordinary course (and not in connection with the Scheme). Such vested Amatil Equity Incentives will be satisfied (as usual) by an allocation of Amatil Shares prior to the Scheme Record Date (or, if a share allocation is not possible, Amatil may consider satisfying Ms Watkins' vested 2018-2020 LTIP awards by a cash payment instead).

Please refer to section 10.3 below for further details.

10.3 Amatil incentive and equity arrangements

(a) Overview of arrangements

As detailed in the 2019 Amatil Annual Report, Amatil operates incentive plans under which Amatil Equity Incentives and Amatil Restricted Shares are offered to executives and employees as an incentive and to reward such persons for performance and align their interests with those of Amatil Shareholders. Amatil also operates the Amatil Matching Share Plan pursuant to which Amatil Group employees may elect to contribute up to 3% of their base salary to acquire Amatil Shares, and for every share purchased a matching share is acquired by the share plan trustee on the participant's behalf and released after a period to two years from the date of issue (subject to certain conditions being met).

Accordingly, Amatil executives and employees have previously received, and have on foot, a number of existing equity arrangements which will be impacted by the Scheme (depending on the relevant offer terms).

In particular, as at the Last Practicable Date, Amatil had:

- 2,560,067 unvested Amatil Equity Incentives on issue, comprised of:
  - 1,402,218 unvested share rights (2019-2021 LTIP); and
  - 1,157,849 unvested share rights (2020-2022 LTIP); and
- 1,217,431 unvested Amatil Restricted Shares on issue, comprised of:
  - 1,110,613 restricted Amatil Matching Shares held on behalf of the relevant Amatil Shareholders; and
  - 106,818 restricted Amatil Shares granted under the Post Tax Share Purchase Plan.

As at the Last Practicable Date, the Amatil Group Managing Director, Ms Alison Watkins, holds:

- 726,080 of the unvested Amatil Equity Incentives on issue, comprised of:
  - 414,692 unvested share rights (2019-2021 LTIP); and
  - 311,388 unvested share rights (2020-2022 LTIP); and
- 15,868 Amatil Restricted Shares granted under the Post Tax Share Purchase Plan held in a share account by Solium Nominees (Australia) Pty Ltd.

As at the Last Practicable Date, Amatil also had 894,272 vested Amatil Equity Incentives on issue granted pursuant to the 2018-2020 LTIP which have vested in the ordinary course (and not in connection with the Scheme). Ms Watkins holds 276,136 of those vested Amatil Equity Incentives.

Each Amatil Equity Incentive (being a share right) entitles the holder to receive one Amatil Share on vesting, or a cash payment in lieu of an allocation of Amatil Shares, subject to the satisfaction of certain conditions.

Further information about Amatil's incentive and other equity arrangements can be found in announcements lodged by Amatil with the ASX, including in Amatil's 2020 Remuneration Report which can be obtained from the ASX website (www2.asx.com.au).

(b) **Impact of the Scheme on existing Amatil Equity Incentives, Amatil Restricted Shares and other equity arrangements**

Under the Scheme Implementation Deed, Amatil must ensure that all Amatil Equity Incentives which are not Amatil Shares have either lapsed or vested and converted into Amatil Shares such that there are no outstanding Amatil Equity Incentives which are not Amatil Shares on issue as at the Scheme Record Date.

This section 10.3(b) sets out details regarding how the Amatil Equity Incentives, Amatil Restricted Shares and other equity arrangements in place with employees will be treated in connection with the Scheme, as agreed between Amatil and CCEP.

(1) **2019-2021 LTIP, 2020-2022 LTIP, 2021-2023 LTIP and Post Tax Share Purchase Plan**

In compliance with Amatil's obligations under the Scheme Implementation Deed and to reflect that Amatil will no longer be an ASX listed company following implementation of the Scheme, the Amatil Board (excluding Ms Watkins, Mr Garduño and Mr Thirumalai) has resolved, in accordance with the terms agreed between Amatil, CCEP and CCEP Sub under and pursuant to the Scheme Implementation Deed, to, subject to the Scheme becoming Effective:

- vest all 2,560,067 unvested Amatil Equity Incentives granted under the 2019-2021 LTIP and the 2020-2022 LTIP in full before the Scheme Record Date and settle these awards in cash[105] or shares;
- release all 1,217,431 unvested Amatil Restricted Shares from restrictions before the Scheme Record Date, being:
  - 1,110,613 restricted Amatil Matching Shares from restrictions before the Scheme Record Date; and
  - 106,818 restricted Amatil Shares held under Post Tax Share Purchase Plan from restrictions before the Scheme Record Date.

In accordance with the relevant plan rules and other terms governing the relevant awards, the People Committee of the Amatil Board also retains the discretion prior to the Scheme Meeting to reduce the relevant awards (including to zero) if an event occurs requiring them to take such action.

No grants with respect to a 2021-2023 LTIP have been made by Amatil since execution of the Scheme Implementation Deed in accordance with the terms agreed between Amatil and CCEP.

(2) **2020 STIP and 2021 STIP**

Pursuant to the terms of the Scheme Implementation Deed, Amatil and CCEP have agreed the following in respect of the 2020 STIP and 2021 STIP:

- that the Amatil Board retains the discretion to make awards to Amatil Group employees in respect of the 2020 STIPs in the ordinary course, provided such discretion is exercised in compliance with the relevant plan rules and other terms governing the relevant awards and that the 2020 STIP awards are provided entirely in cash with no deferred share component;
- that the Amatil Group may operate a 2021 STIP (including the 2021 Executive STIP) and Amatil Group senior executives may be eligible to receive a 2021 STIP award in the ordinary course provided that such a STIP includes the Material Conduct of Business Provision Targets and other targets for 2021 that are determined in a manner that is substantially consistent with past practice, such targets to be subject to consultation with the Transaction Implementation Committee; and

105 Up to a maximum of $13.50 per share right, less the amount of the 2H 2020 Dividend of $0.18 per Amatil Share.

- that the Amatil Group may make cash payments, or agree to make a cash payment, in respect of the 2021 STIP in the ordinary course (except that the Amatil Group must elect to provide the 2021 STIP awards entirely in cash with no deferred share component), including in relation to the 2021 Executive STIP on terms that provide that:
  - in the event that a change of control in Amatil occurs, if Amatil is delisted from the ASX and a participant (other than the Amatil Group Managing Director)[106] has their employment terminated in circumstances of the redundancy of their position in connection with, or following the change of control in Amatil occurring, that a pro-rata amount of any award which reflects their period of service may be payable (subject to testing of the relevant targets);
  - the STIP opportunity for participants in the 2021 Executive STIP may be a specified amount higher than in the ordinary course that is reasonably determined by Amatil to reflect the value of the absence of the 2021-2023 LTIP and what is fair and reasonable, taking into account the tenure of the 2021 Executive STIP in comparison with the 2021-2023 LTIP[107]; and
  - the targets or performance conditions for the payment of the 2021 STIP awards to individual participants will be subject to the satisfaction of key objectives, including the participant's compliance from the date of the Scheme Implementation Deed with the Material Conduct of Business Provisions (**Material Conduct of Business Provision Targets**).

Pursuant to these terms, the Amatil Board (excluding Ms Watkins, Mr Garduño and Mr Thirumalai) has approved the:

- 2020 STIP outcomes for Amatil's Group Leadership Team, and the Amatil Group Managing Director has approved the 2020 STIP outcomes for other executives, with such eligible Amatil employees to receive their 2020 STIP awards in cash; and
- terms of the 2021 STIP and the targets for the 2021 STIP.

The 2021 STIP will include an uplift to the target opportunity of one third of the face value of the 2021-2023 LTIP that would otherwise have been granted to the Amatil Group senior executives. This uplift was determined taking into account the relative tenure required for the STIP (being one year) and the LTIP (being three years).

(3) **Amatil Matching Share Plan**

In light of the Scheme, the Amatil Board (excluding Mr Garduño and Mr Thirumalai) determined to suspend the Amatil Matching Share Plan pending implementation of the Scheme in December 2020. As such, no further Amatil Shares have been acquired or Amatil Matching Shares allocated under the Amatil Matching Share Plan since December 2020.

As noted in section 10.3(b)(1) above, the Amatil Board (excluding Ms Watkins, Mr Garduño and Mr Thirumalai) has resolved, in accordance with the terms agreed between Amatil, CCEP and CCEP Sub pursuant to the Scheme Implementation Deed, to, subject to the Scheme becoming Effective release all 1,110,613 restricted Amatil Matching Shares from restrictions before the Scheme Record Date. The released shares will be eligible to participate in the Scheme.

(c) **Amatil Equity Incentives and Amatil Restricted Shares held by the Amatil Group Managing Director**

As at the Last Practicable Date, and as noted above, the Amatil Group Managing Director, Ms Alison Watkins, has a Relevant Interest in 367,101 Amatil Shares (15,868 of which comprise Amatil Restricted Shares) and holds 726,080 unvested Amatil Equity Incentives and 276,136 vested Amatil Equity Incentives granted pursuant to the 2018-2020 LTIP.

106 Although not provided for in the Scheme Implementation Deed, the Amatil Group Managing Director's contract also provides that in circumstances of the redundancy of their position in connection with, or following the change of control in Amatil occurring, that a pro-rata amount of any award which reflects their period of service will be payable (subject to testing of the relevant targets).

107 Following the entry into the Scheme Implementation Deed, the Amatil Board (excluding Ms Watkins, Mr Garduño and Mr Thirumalai) has determined that, other than for Ms Watkins, the uplift to the target STIP is one third of the face value of what would have been the respective individual's 2021-2023 LTIP grant.

The Amatil Board (excluding Ms Watkins, Mr Garduño and Mr Thirumalai) has exercised its discretions to determine that, subject to the Scheme becoming Effective:

- all of Ms Watkins 726,080 unvested Amatil Equity Incentives granted pursuant to the 2019-2021 and 2020-2022 LTIP will vest in full and be settled in either shares or cash; and
- all of Ms Watkins 15,868 Amatil Restricted Shares held pursuant to the Post Tax Share Purchase Plan will be released from restrictions and will be eligible to participate in the Scheme.

As a result, subject to the Scheme becoming Effective, Ms Watkins will be entitled to $9,882,747 in connection with:

- the early vesting of her 726,080 unvested Amatil Equity Incentives;[108] and
- the early release from restrictions of her 15,868 Amatil Restricted Shares.[109]

In addition, all of Ms Watkins 276,136 vested Amatil Equity Incentives granted pursuant to the 2018-2020 LTIP will be satisfied (as usual) by an allocation of Amatil Shares prior to the Scheme Record Date and will be eligible to participate in the Scheme[110] (as well as all Amatil Shares held by Ms Watkins at the Scheme Record Date). If a share allocation is not possible, Amatil may consider satisfying Ms Watkins' vested 2018-2020 LTIP awards by a cash payment instead. Independent Amatil Shareholders should have regard to these interests when considering how to vote on the Scheme, including Ms Watkins' recommendation on the Scheme, which appears throughout this Scheme Booklet.

The Amatil Related Party Committee (which excludes Ms Watkins, Mr Garduño and Mr Thirumalai) considers that, despite these arrangements, it is appropriate for Ms Watkins to make a recommendation on the Scheme given her role in the operation and management of Amatil and that Independent Amatil Shareholders would wish to know Ms Watkins' views in relation to the Scheme. Ms Watkins also considers that it is appropriate for her to make a recommendation on the Scheme.

(d) **Implications for Amatil Equity Incentives and Amatil Restricted Shares if the Scheme does not become Effective**

If the Scheme does not become Effective, Amatil expects that its existing incentive arrangements will remain in place subject to their existing terms and conditions (including the incentive arrangements relating to the Amatil Group Managing Director).

If the Scheme does not become Effective, Amatil also expects that Amatil would put in place incentive arrangements for employees for future years similar to those in place prior to the announcement of the Scheme. In such circumstances, the Amatil Board would also need to consider the Amatil incentive arrangements for 2021 and review whether they meet their intended purpose taking into account timing and what is reasonable in the circumstances.

(e) **Other**

(1) **2018-2020 LTIP**

In February 2021, the Amatil Board (excluding Ms Watkins, Mr Garduño and Mr Thirumalai) approved the vesting of 894,272 2018-2020 LTIP awards, including 276,136 2018-2020 LTIP awards held by the Amatil Group Managing Director in the ordinary course (and not in connection with the Scheme). The remaining 447,126 2018-2020 LTIP awards lapsed in February 2021 in the ordinary course. It is anticipated that the Amatil Shares to satisfy the vesting of the 2018-2020 LTIP awards will be allocated shortly following the date of this Scheme Booklet and that those Amatil Shares will be eligible to participate in the Scheme. Amatil may also consider satisfying vested 2018-2020 LTIP awards by a cash payment instead.

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108 Calculated on the basis that Ms Watkins will receive $13.32 (being $13.50 per Amatil Share less the cash amount of the 2H 2020 Dividend of $0.18 per Amatil Share) for each unvested Amatil Equity Incentive either as a result of those Amatil Equity Incentives converting into Amatil Shares and being acquired by CCEP Sub on the Implementation Date, or in cash.

109 Calculated on the basis that Ms Watkins will receive $13.32 (being $13.50 per Amatil Share less the cash amount of the 2H 2020 Dividend of $0.18 per Amatil Share) for each Amatil Restricted Share acquired by CCEP Sub on the Implementation Date. Ms Watkins will also receive the 2H 2020 Dividend of $0.18 in respect of each of those Amatil Restricted Shares, however, this is not included in the aggregate figure referred to above on the basis that Ms Watkins would be entitled to receive such dividend in respect of the relevant Amatil Restricted Shares regardless of the Scheme.

110 The vesting of Ms Watkins' 276,136 Amatil Equity Incentives granted pursuant to the 2018-2020 LTIP occurred in the ordinary course and was not connected with the Scheme.

(2) **Other arrangements**

If the Scheme does not become Effective, certain employees of Amatil may be granted a retention incentive, comprising rights to Amatil Shares, to remain employed with the Amatil Group, subject to such persons remaining employed by the Amatil Group for a certain period (other than in circumstances where their employment is terminated without cause) and other certain conditions. Any such retention incentives would not be offered to any Amatil Director (including the Amatil Group Managing Director).

10.4 Other benefits and agreements

(a) **Interests of Amatil Directors in CCEP securities**

As at the Last Practicable Date, no Amatil Director had a Relevant Interest in any securities in CCEP.

(b) **Interests of Amatil Directors in contracts with CCEP Group**

None of the Amatil Directors have any interest in any contract entered into by a CCEP Group Member, or any Related Body Corporate of a CCEP Group Member, other than in respect of the nominee directors of TCCC on the Amatil Board, by reason of their roles with TCCC.

(c) **Deeds of indemnity, insurance and access**

Amatil has entered into deeds of indemnity, insurance and access with the directors and various executive officers of the Amatil Group, on customary terms (**D&O Deeds**). The D&O Deeds include terms that provide for each Amatil Group Member to indemnify each of its directors and executive officers against any liability incurred by such persons in their capacity as a director or executive officer of the company to any person other than an Amatil Group Member.

Amatil also pays premiums in respect of a directors' and officers' insurance policy for the benefit of the directors and executive officers of the Amatil Group. Amatil may enter into an arrangement to provide insurance coverage for all current directors and executive officers of the Amatil Group for a period of up to seven years from the Implementation Date. As at the Last Practicable Date, Amatil expects that the premium for entry into such run-off arrangement to be between $18 million to $20 million. The entry into such arrangements by Amatil is permitted by clause 7.3 of the Scheme Implementation Deed. In addition, under clause 7.3(a)(2) of the Scheme Implementation Deed, CCEP must ensure that directors' and officers' run-off insurance cover for such directors and executive officers is maintained for a period of seven years from the retirement date of each director and executive officer.

(d) **Amatil 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, have each received 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 this Scheme Booklet. The relevant fees were payable upon the draft of this Scheme Booklet being lodged with ASIC regardless of whether the Transaction subsequently completes or not.

(e) **Agreements connected with or conditional on the Scheme**

Other than the agreements and arrangements described in section 10.3 and this section 10.4 of this Scheme Booklet, there are no agreements or arrangements made between any Amatil Director and any other person in connection with, or conditional on, the outcome of the Scheme or the CCEP/TCCC Transaction.

(f) **Benefits in connection with retirement from office**

There is no payment or other benefit that is proposed to be made or given to any director, secretary or executive officer of Amatil (or any of its Related Bodies Corporate) as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in Amatil (or any of its Related Bodies Corporate) in connection with the Scheme or the CCEP/TCCC Transaction.

(g) **Benefits from CCEP Group**

No Amatil Director has agreed to receive, or is entitled to receive, any benefit from any CCEP Group Member, which is conditional on, or is related to, the Scheme or the CCEP/TCCC Transaction.

(h) **Remuneration in connection with remaining in office**

If any of the Amatil Directors remain on the Amatil Board following implementation of the Scheme, it is anticipated by the Amatil Directors that they would receive remuneration and expense reimbursement arrangement for their services commensurate with a position as a non-executive Amatil Director.

10.5 Scheme Implementation Deed

(a) **Introduction**

On 4 November 2020, Amatil, CCEP and CCEP Sub entered into the Scheme Implementation Deed, under which the parties have agreed to implement the Scheme between Amatil and the Scheme Shareholders and which governs the conduct of the Scheme. A full copy of the Scheme Implementation Deed was attached to Amatil's announcement to the ASX relating to the Scheme on 4 November 2020.

A summary of the key terms of the Scheme Implementation Deed is set out in this section 10.5. A full copy of the Scheme Implementation Deed can also be obtained from the ASX website (www2.asx.com.au).

(b) **Scheme Consideration (Clause 4.3 and Schedule 2)**

If the Scheme becomes Effective and is implemented, Scheme Shareholders will be entitled to receive the Scheme Consideration of $13.50 per Amatil Share held by them on the Scheme Record Date (less the cash amount of any dividends which are declared or determined by Amatil and paid by Amatil to Amatil Shareholders on or before the Implementation Date (including the 2H 2020 Dividend, to the extent paid before the Implementation Date)).

The Scheme Consideration will not be reduced by the cash amount of any 1H 2021 Dividend or the value attributed to any franking credits attached to the 2H 2020 Dividend or any 1H 2021 Dividend, provided that the cash amount of a dividend that has been paid will be taken to be the cash amount as declared or determined to be paid by Amatil with no reduction or offset for any dividend withholding tax, any withholding on account of non-quotation of an ABN or TFN or any other withholding or reduction in the amount received by any Amatil Shareholder.

(c) **2H 2020 Dividend and any 1H 2021 Dividend (Clause 4.4)**

Amatil may (in its absolute discretion) declare and pay a final dividend of any amount per Amatil Share (and which may, at Amatil's election, but subject to the terms of the Scheme Implementation Deed, be partially or fully franked) to Amatil Shareholders in respect of 2H 2020 and any 1H 2021 Dividend, provided that:

- in respect of the 2H 2020 Dividend:
  - subject to the bullet point below, the payment date for the 2H 2020 Dividend is before the expected Scheme Record Date as at the date the 2H 2020 Dividend is declared (but the payment of the 2H 2020 Dividend must be before the Scheme Record Date);
  - the record date for the 2H 2020 Dividend must be a date that is expected to be after the expected date of the Scheme Meeting as at the date the 2H 2020 Dividend is declared, provided that if the expected date for the Scheme Meeting is delayed for any reason, Amatil must use its best endeavours to delay the record date for the 2H 2020 Dividend until after the revised date for the Scheme Meeting (and may delay the payment date for the 2H 2020 Dividend as it deems appropriate provided the payment of any 2H 2020 Dividend must be before the Scheme Record Date); and
  - if, due to the requirements of the Amatil Share Registry or the ASX, the above criteria are unable to be met, Amatil must consult with CCEP to agree amendments to the timetable for the Scheme agreed between the parties. In certain circumstances where ASX does not agree to the amended timetable, Amatil is not required to delay the 2H 2020 Dividend Record Date contemplated in the second bullet point above and may bring the record date for the 2H 2020 Dividend forward, provided that the payment date for the 2H 2020 Dividend is always before the Scheme Record Date.

- Amatil will not declare or announce any 2H 2020 Dividend or 1H 2021 Dividend without the prior written consent of CCEP where payment would result in or contribute to the franking account being in deficit at the start of the Implementation Date and, in the reasonable opinion of CCEP, the payment of that dividend would give rise to any liability to franking deficit tax that cannot be offset in full against income tax, or otherwise prevent CCEP electing to acquire all the shares in Amatil on or after the Implementation Date without incurring a reduction in the offset;
- the relevant dividend is paid in accordance with the Corporations Act; and
- Amatil and CCEP must consult in good faith as to the amount and franking of any 1H 2021 Dividend prior to its declaration or announcement.

The Scheme Implementation Deed also includes certain requirements for CCEP to provide Amatil with assistance and information for the purposes of obtaining a Class Ruling (and an associated private ruling for Amatil) from the Australian Taxation Office with respect to any 2H 2020 Dividend, and for Amatil to provide CCEP with a draft of such ruling and any application or amendment request for its review and comment (such reasonable comments made by CCEP which must be taken into account in good faith when producing a revised draft of the application or amendment request to be lodged with the Australian Taxation Office).

(d) **Conditions Precedent (Clause 3)**

The Scheme Implementation Deed includes the following Conditions Precedent which must be satisfied or waived (if capable of waiver) before the Scheme can be implemented:

- **Regulatory approvals:** the Foreign Investment Review Board (**FIRB**) does not object to the Scheme and the Overseas Investment Office of New Zealand (OIO) approves the Scheme;
- **Shareholder approval:** the Requisite Majorities of Independent Amatil Shareholders approve the Scheme at the Scheme Meeting;
- **Court approval:** the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act;
- **Independent Expert:** the Independent Expert's Report concludes the Scheme is fair and reasonable and in the best interests of Independent Amatil Shareholders and does not change its conclusion before 8.00am (Sydney time) on the Second Court Date;
- **No Amatil Prescribed Occurrence:** no Amatil Prescribed Occurrence (which include actions that relate to Amatil's solvency and share capital e.g. issuing shares, reducing share capital, etc.) occurs between (and including) the Scheme Announcement Date and 8.00am (Sydney time) on the Second Court Date;
- **Restraints:** no permanent law, rule, regulation, restraining order, injunction or other final order that would prevent or delay the Scheme made by an Australian court of competent jurisdiction or Australian Government Agency is in effect at 8.00am on the Second Court Date; and
- **No Amatil Material Adverse Change:** no Amatil Material Adverse Change occurs between (and including) the Scheme Announcement Date and 8.00am (Sydney time) on the Second Court Date (described at section 10.5(e) below).

If an Amatil Material Adverse Change or Amatil Prescribed Occurrence occurs before 8.00am (Sydney time) on the Second Court Date, the relevant Conditions Precedent will not be taken to have been breached or not satisfied where the Amatil Material Adverse Change or Amatil Prescribed Occurrence is remediable in certain circumstances.

As announced by Amatil to the ASX on 1 February 2021, on 29 January 2021, FIRB determined that the Commonwealth has no objection to CCEP Sub acquiring up to a 100% interest in Amatil. As a result, the FIRB Condition Precedent to the Scheme has been satisfied. As at the date of this Scheme Booklet, the OIO Condition Precedent remains outstanding.

As at the date of this Scheme Booklet, Amatil understands that the OIO has advised CCEP that the New Zealand Minister of Finance requires the OIO consent application in relation to the Scheme to undergo a national interest assessment. While Amatil is not aware of any circumstances which would cause the OIO Condition Precedent not to be satisfied as at the date of this Scheme Booklet, it is possible the OIO approval required for the Scheme to proceed may be delayed and that this may result in a delay to the date of the Scheme Meeting. Independent Amatil Shareholders should note that the OIO Condition Precedent will need to be satisfied in order for the Scheme to proceed.

(e) **Amatil Material Adverse Change (Clause 3 and Schedule 2)**

The Amatil Material Adverse Change Condition Precedent will be triggered if an Amatil Material Adverse Change occurs between (and including) the date of the Scheme Implementation Deed and 8.00am (Sydney time) on the Second Court Date. However, as noted above, if an Amatil Material Adverse Change occurs before 8.00am (Sydney time) on the Second Court Date, the Amatil Material Adverse Change Condition Precedent will not be taken to have been breached or not satisfied where it is remediable in certain circumstances. In summary, and subject to certain exceptions, an Amatil Material Adverse Change includes an event (or series of like events) which occurs after the date of the Scheme Implementation Deed that has or would be considered reasonably likely to have the effect of a diminution in the Amatil Group's total assets, taken as a whole, of at least $650 million (against the 30 June 2020 balance sheet) or a diminution in the Amatil Group's recurring EBITDA, taken as a whole, of at least $100 million (against the recurring EBITDA of the Amatil Group for the 12 months ended 30 June 2020).

(f) **Amatil Related Party Committee and Amatil Group Managing Director recommendations (Clause 5.12)**

The Scheme Implementation Deed requires Amatil to use its best endeavours to procure that the Amatil Related Party Committee Members unanimously recommend, and that the Amatil Group Managing Director recommends, that Independent Amatil Shareholders vote in favour of the Scheme at the Scheme Meeting in the absence of a Superior Proposal and subject to the Independent Expert concluding in the Independent Expert's Report (and continuing to conclude) that the Scheme is fair and reasonable and in the best interests of Independent Amatil Shareholders.

Amatil must use its best endeavours to procure that the members of the Amatil Related Party Committee collectively and individually do not, and the Amatil Group Managing Director does not, adversely change, withdraw or adversely modify its, his or her recommendation to vote in favour of the Scheme unless:

- the Independent Expert concludes that the Scheme is not fair and reasonable and/or not in the best interests of Independent Amatil Shareholders;
- Amatil receives a Superior Proposal; or
- the adverse change, withdrawal or modification occurs because of a requirement or request by a court or Government Agency that one or more Amatil Related Party Committee Members or the Amatil Group Managing Director abstain from making a recommendation that Independent Amatil Shareholders vote in favour of the Scheme.

(g) **Conduct of business (Clause 5.4)**

In general terms, during the period between the date of the Scheme Implementation Deed and the Implementation Date, Amatil must carry on its business and operations in the ordinary and usual course substantially consistent with past practice.

In addition, Amatil must also:

- comply in all material respects with all applicable authorisations, laws, regulations (including the Listing Rules), and all material contracts to which it is a party;
- use reasonable endeavours to maintain its businesses and assets in the ordinary course and consistent with past practice, keep available the services of its officers and employees and preserve its relationships with Government Agencies, material customers, suppliers, landlords, licensors, licensees, joint venturers and others having business dealings with the Amatil Group;
- use reasonable endeavours to ensure that no Amatil Prescribed Occurrence (which include actions that relate to Amatil's solvency and share capital e.g. issuing shares, reducing share capital, etc.) or Amatil Regulated Event (which include actions which relate to the conduct of Amatil's business e.g. corporate and capital structure, constituent documents, acquisitions and disposals and material contracts) occurs and to manage the effects of the announcement of the Transaction, the CCEP/TCCC Transaction and the Scheme (including in relation to the employees, customers, partners (including joint venture partners or brand partners), creditors, suppliers or contractual counterparties of the Amatil Group as at the date of the Scheme Implementation Deed) and consult with CCEP and take into account its reasonable comments in respect of managing the effects of the announcement; and

- in consultation with CCEP Sub, promote to Amatil Shareholders the merits of the Scheme and encourage Amatil Shareholders to vote on the Scheme in accordance with the recommendation of the Amatil Related Party Committee and the Amatil Group Managing Director, including participating in shareholder engagement efforts and meeting with key Amatil Shareholders as reasonably requested by CCEP Sub and undertake reasonable institutional and retail proxy solicitation actions as reasonably requested by CCEP Sub to encourage Amatil Shareholders to vote in favour of the Scheme (including retaining appropriate proxy solicitation services).

However, neither Amatil nor any other Amatil Group Member will be restricted from taking or not taking any action:

- contemplated, required, or expressly permitted, by the Scheme Implementation Deed, any actions to give effect to a Superior Proposal or, any action or inaction reasonably required to allow Amatil to declare and pay any Amatil Permitted Dividend;
- agreed to by CCEP (which agreement must not be unreasonably withheld or delayed) or requested by CCEP in writing;
- which is within the actual knowledge of a CCEP Group Member as at the Scheme Announcement Date;
- required or permitted by applicable law, regulation, accounting standards or principles, contract (provided the contract was entered into prior to the date of the Scheme Implementation Deed or was permitted by the Scheme Implementation Deed) or by a Government Agency;
- to reasonably and prudently respond to changes in market and operating conditions, including arising as a consequence of the COVID-19 pandemic, or to regulatory or legislative changes, in each case affecting the business of Amatil or an Amatil Group Member to a material extent (after consultation with CCEP), or to reasonably and prudently respond to an emergency or disaster (including the COVID-19 pandemic); or
- which is Fairly Disclosed in the Disclosure Materials, the Additional Due Diligence Materials or in certain public documents prior to the date of the Scheme Implementation Deed, in each case, other than matters arising after the date of the Scheme Implementation Deed or of which Amatil and CCEP were not aware before the date of the Scheme Implementation Deed.

(h) **Transaction Implementation Committee (Clause 5.5)**

Amatil and CCEP have agreed to establish the Transaction Implementation Committee initially comprising of up to 3 individuals from each of CCEP and Amatil to oversee the progress of the Transaction in accordance with the Scheme Implementation Deed and assist with the eventual transition of the control of Amatil to CCEP upon implementation of the Scheme.

Generally, the Transaction Implementation Committee is to act as a forum for discussion and planning and not decision making (other than in respect of certain matters related to the transition plan prepared by CCEP and certain Material Conduct of Business Provisions). The matters to be considered and discussed by the Transaction Implementation Committee are to include:

- material developments relating to the business of the Amatil Group;
- the strategy for engagement with key stakeholders (including Government Agencies and key contractual counterparties); and
- the process for obtaining material change of control consents and giving effect to other implementation steps set out in the Scheme Implementation Deed.

(i) **Change of control (Clause 5.6)**

Amatil must use all reasonable endeavours to procure that, as soon as practicable following the date of the Scheme Implementation Deed (and in any event, before the Second Court Date), each Amatil Group Member has complied with and discharged all contractual obligations in respect of material contracts of the Amatil Group notified to Amatil by CCEP at least 10 Business Days before the Second Court Date requiring such member of the Amatil Group to give notice to, or to apply for the approval or consent of, a third party in connection with the Scheme Implementation Deed or the transactions contemplated by it.

(j) **Escalation procedure (Clause 5.16)**

If CCEP believes that there has been a breach by Amatil of a Material Conduct of Business Provision, CCEP may notify Amatil setting out the relevant circumstances of the alleged breach and an escalation procedure to the Transaction Implementation Committee and, in certain circumstances, the respective Chief Executive Officers (**CEOs**) of the parties. Amatil must use reasonable endeavours to take or not take any action agreed by the Transaction Implementation Committee or between the respective CEOs within the time agreed. However, CCEP is not permitted to terminate the Scheme Implementation Deed in connection with any breach of a Material Conduct of Business Provision in any circumstances, regardless of its materiality and/or whether the Transaction Implementation Committee or the respective CEOs of the parties are able to reach agreement on relevant matters or Amatil or another Amatil Group Member is able to remedy or does in fact remedy any relevant alleged or actual breach of a Material Conduct of Business Provision.

(k) **Non-solicit (Clause 5.7)**

Until the earlier of the Implementation Date and 12 months after termination of the Scheme Implementation Deed, CCEP Group and its Associates, other than a TCCC Group Member must not, without the prior written consent of Amatil, directly or indirectly approach any past or existing officer or employee of an Amatil Group Member separate to that person's role in the Amatil Group or CCEP Group post implementation of the Transaction for the purpose of recruiting that person for employment by CCEP Group and its Associates. This obligation does not apply where a person responds to an advertisement that is targeted to a wide audience of potential applicants.

(l) **TCCC relevant agreements (Clause 5.8)**

Amatil and CCEP have agreed that relevant CCEP Group Members were not permitted to enter into the Co-Operation and Sale Deed with relevant TCCC Group Members for the purpose of the Confidentiality Deed without the prior written consent of Amatil. However, under the Scheme Implementation Deed, Amatil provided its consent for the purpose of the Confidentiality Deed to the relevant CCEP Group Members entering into the Co-Operation and Sale Deed provided that:

- CCEP Group only acquires TCCC Amatil Shares or any interest in any TCCC Amatil Shares if the Transaction is implemented;
- from the date of the Scheme Implementation Deed up to and including the Implementation Date, no CCEP Group Member, without the prior written consent of Amatil:
  - terminates, materially amends, alters, varies or otherwise materially modifies or waives any condition precedent or other provision in the Co-Operation and Sale Deed. For this purpose, any change, variation or modification to the consideration to be paid by a CCEP Group Member to a TCCC Group Member for the acquisition of any interest in the relevant TCCC Group Member's Amatil Shares as set out in the Co-Operation Letter or completion of the Co-Operation and Sale Deed not being conditional on implementation of the Scheme would be material; or
  - enters into, or agrees to amend, alter, vary or otherwise modify (including where such amendment, alteration, variation or modification would take effect after the Implementation Date) any other agreement, arrangement or understanding (whether written or oral) with a TCCC Group Member in connection with the acquisition or disposal, or acquisition and disposal, by a CCEP Group Member or a TCCC Group Member of any interest in the securities, assets, businesses or operations of Amatil or any other Amatil Group Member or any other commercial or other arrangements related to Amatil or another Amatil Group Member, any Relevant Jurisdiction or the performance or conduct of the business of the Amatil Group (in whole or in part), including in connection with the CCEP/TCCC Transaction, noting the restrictions would not restrict any CCEP Group Member from engaging in any arm's length commercial conversations with a TCCC Group Member in the ordinary course of business which are unrelated to the terms of the Transaction.

CCEP must also immediately notify Amatil if any amendment, alteration, variation or modification is made to the Co-Operation and Sale Deed or any condition precedent or other provision in the Co-Operation and Sale Deed is waived.

(m) **Financing (Clauses 5.9 and 5.10)**

In general terms, between the Scheme Announcement Date and the Implementation Date, CCEP must notify Amatil:

- of any termination of, amendment, alteration, variation or modification made to, or waiver of any condition precedent or other provision in, the Commitment Letter or any other agreement, arrangement or understanding (whether written or oral) entered into in connection with the Commitment Letter; and
- if a CCEP Group Member enters into any other agreement, arrangement or understanding (whether written or oral) with, or receives any commitment or highly confident letter from any Debt Financier who is not a party to the Commitment Letter in connection with the Transaction or the CCEP/TCCC Transaction.

On 15 February 2021, CCEP advised Amatil that CCEP had received an updated Commitment Letter dated 14 February 2021, from Credit Suisse AG, London Branch in relation to the financing of the Transaction.

Provided CCEP complies with these obligations, the parties have agreed that the Commitment Letter may be superseded prior to the Implementation Date at CCEP's election by certain debt instruments that replace the existing Commitment Letter and/or contemplate co-investment by or financing from one or more Debt Financing sources or other or additional parties provided that:

- the terms of such replacement debt instruments do not reduce the aggregate amount of the financing contemplated by the Commitment Letter, any replacement debt instruments and any refinancing contemplated in connection with the Transaction (**Debt Financing**) below an amount necessary to fund the aggregate Scheme Consideration payable for all the Scheme Shares and the full required cash consideration to be paid by CCEP Group to TCCC Group for the acquisition of TCCC Amatil Shares pursuant to the Co-Operation and Sale Deed or expand upon or amend the conditions precedent to the Debt Financing as set out in the Commitment Letter; and
- neither the arrangement nor negotiation of any replacement debt instruments or their terms delays the Implementation Date.

CCEP must ensure:

- at all times between the date of the Scheme Implementation Deed and 8.00am (Sydney time) on the Second Court Date, it has a reasonable basis to expect that CCEP Sub will have available to it; and
- by 8.00am (Sydney time) on the Second Court Date, CCEP Sub has available to it on an unconditional basis (other than conditions related to the Court approval or certain other conditions),

sufficient cash amounts to satisfy CCEP Sub's obligations to provide the Scheme Consideration in accordance with its obligations under the Scheme Implementation Deed, the Scheme and the Deed Poll and the full required cash consideration to be paid by CCEP Group to TCCC Group for the acquisition of TCCC Amatil Shares on the Implementation Date pursuant to the Co-Operation and Sale Deed. CCEP also provides representations and warranties to Amatil in respect of these matters.

Between the Scheme Announcement Date and the earlier of the Implementation Date and termination of the Scheme Implementation Deed, Amatil and each Amatil Group entity also have certain reasonable endeavours and reasonable efforts obligations to provide co-operation and assistance to CCEP in connection with arrangement of the Debt Financing in connection with the Scheme.

(n) **Representations and warranties (Clause 6 and Schedules 3 and 4)**

Amatil gives a number of representations and warranties to CCEP, including that, as at the date of the Scheme Implementation Deed, no Amatil Director has made or threatened to make a claim (excluding any claims for outstanding fees or remuneration), and between the date of the Scheme Implementation Deed and the Second Court Date no such claims have arisen which have not been promptly disclosed to CCEP.

In addition to the representations and warranties noted in section 10.5 above, CCEP gives a number of representations and warranties to Amatil, including that:

- CCEP Sub is a wholly-owned Subsidiary of CCEP and that all of the securities in CCEP Sub are legally and beneficially owned by CCEP (or another wholly-owned Subsidiary of CCEP);
- other than the existence of any arm's length commercial conversations between a CCEP Group Member and a TCCC Group Member in the ordinary course of business unrelated to the terms of the Transaction, CCEP has fully disclosed to Amatil all, and all proposed, agreements, arrangements or understandings (including with respect to any time after the Implementation Date) between any CCEP Group Member and any TCCC Group Member in relation to certain matters in relation to the Amatil Group;
- the value of the consideration to be paid by CCEP Group to TCCC Group in relation to the acquisition by CCEP Group of any interest in a share held by a TCCC Group Member in Amatil based on the value of CCEP Shares as at 26 October 2020, will not be greater per Amatil Share than $12.75 and will at all times be as provided for in the Co-Operation and Sale Deed;
- other than the Co-Operation Letter and the Co-Operation and Sale Deed or with respect to any arm's length commercial conversations in the ordinary course of business unrelated to the terms of the Transaction, no CCEP Group Member has entered into any agreement, arrangement or understanding (whether written or oral) in relation to certain matters in relation to the Amatil Group;
- CCEP will, by the Implementation Date, have available to it sufficient cash amounts to ensure that CCEP Sub can satisfy its obligation to pay the Scheme Consideration; and
- other than FIRB and OIO approval, no other regulatory approvals are required, and no securityholder approval from members of any CCEP Group Member is required, in order for CCEP and CCEP Sub to execute and perform the Scheme Implementation Deed and the CCEP/TCCC Transaction.

These representations and warranties are set out in Schedule 3 (in the case of CCEP) and Schedule 4 (in the case of Amatil) of the Scheme Implementation Deed.

(o) **No talk (Clause 10)**

During the No Talk Period, Amatil must not, and must ensure that each of its Related Persons (other than any directors of Amatil nominated by a TCCC Group Member) do not participate in any negotiations or discussions with respect to or negotiate or enter into, any agreement, arrangement or understanding regarding a Competing Proposal. These obligations are subject to a fiduciary exception – that is, the 'no talk' obligations do not prohibit or restrict any action or inaction by Amatil or any of its Related Persons if compliance with such obligations would, in the opinion of the Amatil Related Party Committee, not the full Amatil Board, after receiving legal advice from its external legal advisers, constitute or would be likely to, would be reasonably expected to, or could be reasonably considered to, constitute, a breach of any of the fiduciary or statutory duties of the Amatil Related Party Committee Members.

(p) **Reimbursement Fee (Clause 11)**

The Scheme Implementation Deed contains a Reimbursement Fee of $46,400,000 (excluding GST) which must be paid by Amatil to CCEP if:

- during the No Talk Period, a majority of Non-TCCC Amatil Directors fails to recommend, withdraws, adversely changes or adversely modifies their recommendation in relation to the Scheme, or makes a public statement indicating they no longer recommend the Scheme or recommend Independent Amatil Shareholders accept or vote in favour of a Competing Proposal that is announced, provided that CCEP has terminated the Scheme Implementation Deed, unless:
    - the Independent Expert concludes that the Scheme is not fair and reasonable and/or not in the best interests of Independent Amatil Shareholders;
    - a Court or Government Agency requires that one or more Non-TCCC Nominee Amatil Directors abstain from making a recommendation in relation to the Scheme; or
    - Amatil is entitled to terminate the Scheme Implementation Deed for an unremedied material breach of the Scheme Implementation Deed (which is material in the context of the Scheme as a whole), including of a CCEP representation or warranty and has given the appropriate termination notice to CCEP;

- a Competing Proposal is announced prior to the Second Court Date and, where it is of a kind referred to in any of paragraph 2, 3 or 4 of the definition of Competing Proposal, completes within 6 months; or
- CCEP has terminated the Scheme Implementation Deed for an unremedied material breach of the Scheme Implementation Deed (which is material in the context of the Scheme as a whole), including of an Amatil representation or warranty (other than in respect of a Material Conduct of Business Provision, any breach of which does not permit CCEP to terminate the Scheme Implementation Deed).

Generally, the Reimbursement Fee is not payable if the Scheme Implementation Deed is terminated because any Condition Precedent is not satisfied or waived (if capable of waiver).

(q) **Termination (Clause 12)**

Each of Amatil and CCEP may terminate the Scheme Implementation Deed:

- at any time before 8.00am (Sydney time) on the Second Court Date for an unremedied material breach of the Scheme Implementation Deed (which is material in the context of the Scheme as a whole), including of a representation or warranty (other than in respect of a Material Conduct of Business Provision, any breach of which does not permit CCEP to terminate the Scheme Implementation Deed or certain representations and warranties given by CCEP, in respect of which any breach will enable Amatil to terminate the Scheme Implementation Deed provided Amatil complies with clause 12.2(b) of the Scheme Implementation Deed);
- for failure of a Condition Precedent to the Scheme (as outlined in section 10.5(d) above);
- generally, if Independent Amatil Shareholders do not approve the Scheme by the Requisite Majorities; or
- if the Scheme is not Effective by 30 September 2021.

In general terms, if a majority of the Non-TCCC Amatil Directors fail to recommend the Scheme or withdraw, adversely change or adversely modify their recommendation in relation to the Scheme or make a public statement indicating they no longer recommend the Scheme or recommend a Competing Proposal:

- CCEP may terminate the Scheme Implementation Deed regardless of the reason for the withdrawal, change or modification; and
- Amatil may terminate the Scheme Implementation Deed if the withdrawal, change or modification is expressly permitted by certain provisions of the Scheme Implementation Deed,

in each case before 8.00am (Sydney time) on the Second Court Date.

(r) **Amatil Directors and officers, deeds of indemnity and insurance (Clause 7)**

Amatil and CCEP have agreed they will not claim against the other party's directors, officers or employees in connection with execution or implementation of the Scheme or the CCEP/TCCC Transaction, breaches of warranties, covenants, false or misleading disclosures or any failure to provide information in connection with the Scheme (except in the case of wilful misconduct or concealment or fraud).

CCEP has agreed that Amatil may, before the implementation of the Scheme, enter into directors' and officers' run-off insurance arrangements in respect of the Amatil Group directors and officers for 7 years from the date of retirement and that any actions to facilitate that insurance or in connection with it will not trigger any conditions or termination rights under, or breach any provisions of, the Scheme Implementation Deed. Amatil may, at its election, pay amounts necessary to ensure maintenance of run-off insurance cover for seven years from the retirement date of each director upfront prior to implementation of the Scheme.

10.6 Co-Operation and Sale Deed

The information contained in this section 10.6 is the responsibility of CCEP. Neither Amatil, nor any other Amatil Group Member, nor any of their respective directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the information in this section 10.6.

(a) **Introduction**

On 4 November 2020, CCEP, CCEP Sub, TCCC and TCCC Holder entered into the Co-Operation and Sale Deed, pursuant to which CCEP Sub proposes to acquire the Amatil Shares held by TCCC Group. A full copy of the Co-Operation and Sale Deed was attached to Amatil's announcement to the ASX relating to the Scheme on 4 November 2020.

A summary of the key terms of the Co-Operation and Sale Deed is set out below in this section 10.6. A full copy of the Co-Operation and Sale Deed can be obtained from the ASX website (www2.asx.com.au).

(b) **Sale and purchase (Clause 5)**

Subject to the Scheme becoming Effective, TCCC Group agrees to sell, and CCEP Sub agrees to purchase, immediately after the Scheme is implemented on the Implementation Date the First Tranche Sale Shares for an amount in cash equal to $9.57 per Amatil Share, less the cash amount of the 2H 2020 Dividend[111].

Subject to the Scheme becoming Effective, CCEP Sub may also elect to purchase some or all of the Remaining Sale Shares, immediately after the Scheme is implemented on the Implementation Date (that is, the **Second Tranche Sale Shares**) for:

- the Second Tranche Cash Consideration;
- the Second Tranche Scrip Consideration; or
- a combination of the Second Tranche Cash Consideration and Second Tranche Scrip Consideration in proportions elected by CCEP Sub,

(the **Second Tranche Consideration**).

Where all or part of the Second Tranche Sale Shares are paid for by Second Tranche Scrip Consideration, the sale and purchase of the Second Tranche Sale Shares is also conditional on each of the UK Financial Conduct Authority (**FCA**), the London Stock Exchange plc (**LSE**) and Euronext Amsterdam having confirmed that the CCEP Shares comprising the Second Tranche Scrip Consideration will be admitted to the official list of the FCA and to trading on the main market for listed securities of the LSE and admitted to listing and trading on Euronext Amsterdam pursuant to the Co-Operation and Sale Deed.

If CCEP Sub intends to elect to purchase any Second Tranche Sale Shares, it must give TCCC Group a written notice of such election which specifies:

- the number of Remaining Sale Shares to be purchased as Second Tranche Sale Shares, which must be all the Remaining Sale Shares or fewer than 108,642,982 Remaining Sale Shares; and
- the elected form(s) of Second Tranche Consideration for those Second Tranche Sale Shares, provided that CCEP Sub cannot make an election for Second Tranche Scrip Consideration if the issue of such Second Tranche Scrip Consideration would result in TCCC Holder and any Affiliate of TCCC holding, in aggregate, 25% or more of the issued share capital of CCEP at the time of issue (excluding any shares then held in treasury).

As at the date of this Scheme Booklet, CCEP has not made an election as to the number of Remaining Sale Shares it proposes to acquire on the Implementation Date in accordance with the Co-Operation and Sale Deed (which will form the Second Tranche Sale Shares).

CCEP intends to elect that the consideration in respect of any Remaining Sale Shares which it elects to acquire at implementation of the Scheme will be in the form of cash rather than CCEP Shares.

CCEP Sub has agreed with TCCC Group that the election as to the number of Remaining Sale Shares it will acquire will be made no later than 14 days prior to the date of the Scheme Meeting.[112]

Completion of the sale and purchase of the First Tranche Sale Shares and, to the extent elected by CCEP Sub, the Second Tranche Sale Shares will take place immediately after the Scheme is implemented on the Implementation Date in accordance with the Scheme Implementation Deed, or such other time as agreed between the parties to the Co-Operation and Sale Deed.

111 The consideration will be reduced by any dividends determined or declared and paid to Amatil Shareholders on or before the Implementation Date other than any Post-30 June 2021 Dividend in line with historical payout ratios.

112 The Scheme Meeting is currently scheduled for 16 April 2021.

(c) **Put Option (Clause 6.1)**

In respect of any Remaining Sale Shares that are not acquired by CCEP Sub as part of the Second Tranche Sale Shares (**Put Option Shares**), TCCC Group may, at its sole discretion, give a written notice (**Put Option Exercise Notice**) to CCEP Sub during the Put Option Exercise Period (or, to the extent permitted under the Co-Operation and Sale Deed, in the case of certain offers being made for CCEP Shares) requiring CCEP Sub to purchase all of the Put Option Shares for the Put Option Consideration. Under the Co-Operation and Sale Deed, the Put Option Consideration is the allotment and issue by CCEP (which CCEP Sub is required to procure) to TCCC Group (or a nominee) of the Put Option Consideration Shares.

The Put Option Exercise Notice must specify the matters set out in the Co-Operation and Sale Deed including the proposed date of transfer of the Put Option Shares, which must be no less than 20 Business Days (as defined in the Co-Operation and Sale Deed) after the date of issue of the Put Option Exercise Notice.

CCEP also has certain obligations in relation to ensuring that the directors of CCEP have the authority to allot the Put Option Consideration Shares and, if the Put Option Consideration Shares are admitted to trading on the relevant exchanges at that time, that certain listing obligations in relation to the FCA, LSE and Euronext Amsterdam will be satisfied in relation to those shares.

The number of Put Option Consideration Shares as a ratio per Amatil Share will be adjusted by the parties (acting reasonably) if certain 'Reorganisation Events' set out in the Co-Operation and Sale Deed or agreed between CCEP or TCCC (acting reasonably) occur. Such adjustment will ensure that:

- the adjusted number of Put Option Consideration Shares represents the same aggregate percentage of CCEP Shares had the Reorganisation Event not occurred; and
- the economic value of the Put Option is maintained and TCCC Holder (as the holder of the Put Option) is no worse off as a result of the Reorganisation Event.

An expert dispute resolution process will be undertaken if the parties to the Co-Operation and Sale Deed are unable to reach agreement on the necessary adjustment within 20 Business Days (as defined in the Co-Operation and Sale Deed) following the date of the variation.

If TCCC Group has not given a Put Option Exercise Notice by the end of the Put Option Exercise Period, the Put Option will lapse.

(d) **Conduct of the CCEP/TCCC Transaction and the Scheme (Clause 4.1)**

Except to the extent otherwise agreed and subject to certain qualifications and limitations, CCEP and TCCC agree to and will procure their respective Related Entities will:

- co-operate with each other to give effect to the terms set out in the Co-Operation and Sale Deed in relation to the sale and purchase of the First Tranche Sale Shares, Second Tranche Sale Shares and Put Option Shares;
- keep each other informed on a timely basis of all developments and issues which may affect the implementation or success of the CCEP/TCCC Transaction and the Scheme;
- subject to compliance with non-disclosure obligations and the preservation of legal privilege, provide all information reasonably necessary for the preparation of documents required to implement the CCEP/TCCC Transaction and execute it effectively; and
- in relation to the Joint Bid Relief Instrument, take all actions necessary and within its control to comply with any of the conditions in the Joint Bid Relief Instrument (if applicable) and otherwise not do anything intended to prevent the satisfaction of, or that would be reasonably likely to have the effect of preventing the satisfaction of, or causing a breach of, the conditions set out in the Joint Bid Relief Instrument.

(e) **Conduct of the Scheme (Clause 4.2)**

The parties to the Co-Operation and Sale Deed agree that, except to the extent inconsistent with the terms of the Co-Operation and Sale Deed:

- CCEP and its Related Entities will make all decisions in relation to the Scheme, including exercising any right held or taking any action in connection with the Scheme or Scheme Implementation Deed (including amending the terms of the Scheme, waiving any Conditions

Precedent set out in section 10.5(d) above and terminating the Scheme Implementation Deed), provided that CCEP informs TCCC prior to making any amendment to the terms of the Scheme or the Scheme Implementation Deed that increases the Scheme Consideration offered to Independent Amatil Shareholders or materially changes the Scheme timetable; and

- CCEP and its Related Entities may take all actions it determines reasonably necessary or desirable to give effect to the Scheme, including to satisfy any of the Conditions Precedent to the Scheme.

TCCC and TCCC Holder also agree that TCCC and its Associates will be excluded from participating in and voting on the Scheme, and agree not to, in bad faith, withdraw any bottling agreements or material funding arrangement relating to the Amatil Group.

(f) **Director appointment right (Clause 6.3)**

For so long as TCCC directly or indirectly holds any Amatil Shares, TCCC and its Related Entities are entitled to nominate such number of directors to the Amatil Board as is required to represent at least 25% of the total number of directors on the Amatil Board.

In connection with this right, the Co-Operation and Sale Deed includes:

- obligations for CCEP to procure that the constitution of Amatil includes certain provisions, relating to the conduct of the Amatil Board;
- obligations for CCEP to procure that the approval of long term business plans for the Amatil Group are reserved for the Amatil Board, acting by a majority; and
- a requirement for certain information about Amatil to be provided to TCCC.

(g) **Termination (Clause 8)**

The Co-Operation and Sale Deed will terminate on the earlier of the date on which the Scheme Implementation Deed is terminated and any date agreed in writing between the parties to the Co-Operation and Sale Deed. CCEP is restricted from terminating the Co-Operation and Sale Deed under the Scheme Implementation Deed (see sections 5.4 and 10.5(l) of this Scheme Booklet for further details).

(h) **Warranties and undertakings (Clause 9)**

The parties to the Co-Operation and Sale Deed give mutual and customary representations and warranties as to due incorporation, capacity, authorisations, enforceability and no defaults.

TCCC Holder gives customary representations and warranties to CCEP as to the ownership of the First Tranche Sale Shares and the Second Tranche Sale Shares. CCEP also gives certain representations and warranties to TCCC Holder (and any relevant Affiliate of TCCC (as defined in the Co-Operation and Sale Deed)) in relation to any CCEP Shares issued as Second Tranche Scrip Consideration, and/or Put Option Consideration.

(i) **Amendment, transfer and assignment (Clause 12.1 and 12.2)**

The Co-Operation and Sale Deed may be amended by another deed executed by all the parties to the Co-Operation and Sale Deed. CCEP is restricted from amending the Co-Operation and Sale Deed under the Scheme Implementation Deed (see sections 5.4 and 10.5(l) of this Scheme Booklet for further details).

No party to the Co-Operation and Sale Deed can assign, charge, create security interest over, encumber or otherwise deal with any of its rights or obligations under the Co-Operation and Sale Deed, or attempt or purport to do so, without the prior written consent of the other party. However, TCCC Holder may at any time transfer some or all of the Amatil Shares that it holds to one or more of its Affiliates formed pursuant to the laws of any state in the United States of America or any part of the United Kingdom, provided that:

- it must first notify CCEP of the number of Amatil Shares that it proposes to transfer and the name and corporate details of the proposed transferee;
- CCEP consents to the transfer; and
- such transfer shall not prevent completion under the Co-Operation and Sale Deed on the date due under that deed or otherwise affect the timetable for the Scheme, including as a result of the time required to obtain any necessary approvals for such transfer.

CCEP is required to consent to any transfer other than where there is a reasonable likelihood that it could prevent completion under the Co-Operation and Sale Deed on the date due under the Co-Operation and Sale Deed or otherwise affect the timetable for the Scheme or that, in CCEP's reasonable judgment, would financially disadvantage (save to any de minimis extent), CCEP, Amatil or any of its or their Affiliates.

In connection with any such transfer, the parties to the Co-Operation and Sale Deed must (and TCCC must procure that each transferee must) enter into such documents as are necessary or desirable to ensure that each transferee is obliged to comply with each of TCCC Holder's relevant obligations under the Co-Operation and Sale Deed to the extent relating to Amatil Shares that such transferee holds and receives the benefits of TCCC Holder's relevant rights under the Co-Operation and Sale Deed. TCCC and TCCC Holder are also required to use their reasonable endeavours to obtain any necessary approval that may be required for such transfer as quickly as possible and CCEP and CCEP Sub must provide all reasonable assistance to help them do so.

(j) **Flip to CCEP HoldCo (Clause 12.3)**

If TCCC Group will hold or holds any of the Remaining Sale Shares after completion of the sale of the First Tranche Sale Shares, and, to the extent elected by CCEP Sub, the Second Tranche Sale Shares, then at CCEP Sub's election, the parties to the Co-Operation and Sale Deed must procure that such Remaining Sale Shares are exchanged for shares in CCEP HoldCo at a time specified by CCEP Sub (not to occur before completion under the Co-Operation and Sale Deed).

The result of such exchange would be that CCEP Sub would own 100% of the Amatil Shares and CCEP Group and TCCC Group would jointly own CCEP HoldCo.

10.7 Standstill arrangements

Under the Confidentiality Deed, CCEP and its Associates (which include CCEP Sub) (**Standstill Parties**) are subject to a standstill regime under which the Standstill Parties must not:

- acquire, purchase or dispose of any securities in, a Relevant Interest in any securities in, or any assets of, Amatil or its Related Bodies Corporate;
- enter into any derivative contracts which confer rights the economic effect of which is equivalent to holding, acquiring or disposing of securities in Amatil or any of its Related Bodies Corporate or of any assets of Amatil or any of its Related Bodies Corporate;
- enter into any arrangements in relation to a disposal or sale of (or the disposal or sale of any direct or indirect interest or economic interest in) any business, operations or assets of Amatil (or any of its Related Bodies Corporate) with any person who has a Relevant Interest in, or who holds securities of Amatil.

Amatil and CCEP have agreed that CCEP is not obliged to procure that TCCC complies with the standstill regime, but must notify TCCC of CCEP's obligations under the standstill regime and request that TCCC comply with those obligations.

The standstill regime applies until the date which is 12 months after the date on which CCEP notifies Amatil in writing that it does not propose to proceed with or undertake the acquisition of all of the ordinary shares in Amatil. The standstill regime is also subject to certain exceptions including actions to the extent:

- they occur under or in connection with a scheme of arrangement or a takeover bid which the Amatil Board or Amatil Related Party Committee (as relevant) has publicly recommended or agreed to recommend (in the absence of a superior proposal) or result from the entry into, performance or termination of, or exercise of rights under or in accordance with a binding transaction document entered into for the purposes of implementing an acquisition of all of the ordinary shares in Amatil by CCEP or a Related Body Corporate of CCEP which the Amatil Board or Amatil Related Party Committee (as relevant) has publicly recommended (in the absence of a superior proposal); or
- Amatil has given its prior written consent to the relevant action being taken, subject to certain limitations on Amatil's ability to withhold its consent to CCEP or its Associates entering into certain arrangements with TCCC, including to the extent such arrangements relate to the acquisition by CCEP or a Related Body Corporate of CCEP of Amatil Shares held by TCCC at a price per share which is not greater than the price paid to Independent Amatil Shareholders.

Under the Scheme Implementation Deed, Amatil has provided its consent to the relevant CCEP Group Members entering into the Co-Operation and Sale Deed for the purpose of the Confidentiality Deed provided that:

- CCEP Group only acquires TCCC Amatil Shares or any interest in any TCCC Amatil Shares if the Transaction is implemented;
- from the date of the Scheme Implementation Deed up to and including the Implementation Date no CCEP Group Member, without the prior written consent of Amatil:
  - terminates, materially amends, alters, varies or otherwise materially modifies or waives any condition precedent or other provision in the Co-Operation and Sale Deed. For this purpose, any change, variation or modification to the consideration to be paid by a CCEP Group Member to a TCCC Group Member for the acquisition of any interest in the relevant TCCC Group Member's Amatil Shares as set out in the Co-Operation Letter or completion of the Co-Operation and Sale Deed not being conditional on implementation of the Scheme, would be material; or
  - enters into, or agrees to amend, alter, vary or otherwise modify (including where such amendment, alteration, variation or modification would take effect after the Implementation Date) any other agreement, arrangement or understanding (whether written or oral) with a TCCC Group Member in connection with the acquisition or disposal, or acquisition and disposal, by a CCEP Group Member or a TCCC Group Member of any interest in the securities, assets, businesses or operations of Amatil or any other Amatil Group Member or any other commercial or other arrangements related to Amatil or another Amatil Group Member, any Relevant Jurisdiction or the performance or conduct of the business of the Amatil Group (in whole or in part), including in connection with the CCEP/TCCC Transaction, noting the restrictions would not restrict any CCEP Group Member from engaging in any arm's length commercial conversations with a TCCC Group Member in the ordinary course of business which are unrelated to the terms of the Transaction.

10.8 Consents and disclosures

(a) Role of advisers and experts

The persons named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the Scheme, the CCEP/TCCC Transaction or the preparation or distribution of this Scheme Booklet are set out in the table below:

Name	Role
Herbert Smith Freehills	Legal adviser to Amatil
UBS AG, Australia Branch	Financial adviser to Amatil
Grant Samuel & Associates Pty Limited	Independent Expert
Link Market Services Limited	Amatil Share Registry
Deloitte Tax Services Pty Ltd	Tax adviser to Amatil

(b) Consents

Each of the persons named in section 10.8(a) above have given and have not, before the time of registration of this Scheme Booklet with ASIC, withdrawn their consent to be named in this Scheme Booklet in the form and context in which they are named.

Grant Samuel & Associates Pty Limited has given its consent to the inclusion of the Independent Expert's Report in this Scheme Booklet in the form and context in which it appears in Annexure 1 of this Scheme Booklet and has not withdrawn that consent before the date of this Scheme Booklet.

Deloitte Tax Services Pty Ltd has given its consent to the inclusion of the information set out in section 9 of this Scheme Booklet in the form and context in which it appears in section 9 of this Scheme Booklet and has not withdrawn that consent before the date of this Scheme Booklet.

CCEP has given its consent to be named and to the inclusion of the CCEP Information in this Scheme Booklet in the form and context in which it appears and has not withdrawn that consent before the date of this Scheme Booklet.

Each of CCEP Sub and CCEP HoldCo have given their consent to be named in this Scheme Booklet in the form and context in which it appears and has not withdrawn that consent before the date of this Scheme Booklet.

(c) **Disclosures and responsibility**

Each person named in sections 10.8(a) and 10.8(b) above:

- has not authorised or caused the issue of this Scheme Booklet;
- does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than:
  - Grant Samuel & Associates Pty Limited in relation to the Independent Expert's Report;
  - Deloitte Tax Services Pty Ltd in relation to the information set out in section 9 of this Scheme Booklet; and
  - CCEP and CCEP Sub in respect of the CCEP Information or (to the extent relevant) any statements based on the CCEP Information (in the form and context in which they appear in the Scheme Booklet); and
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet (including any omissions) other than a reference to its name and any statement or report which has been included in this Scheme Booklet with the consent of that person as specified in this section 10.8(c).

10.9 Intentions of Amatil Directors

As at the Last Practicable Date, each Amatil Related Party Committee Member and the Amatil Group Managing Director, Ms Alison Watkins, has confirmed their intention to vote, or procure the voting of:

- in respect of each Amatil Related Party Committee Member, the Amatil Shares they own or control;
- in respect of the Amatil Group Managing Director, the Amatil Shares Ms Watkins owns or controls,

in each case at the time of the Scheme Meeting in favour of the Scheme, and in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Independent Amatil Shareholders.

Under the Scheme Implementation Deed, Amatil has agreed that, as soon as practicable on the Implementation Date, after the Scheme Consideration has been despatched to Scheme Shareholders in accordance with the terms of the Scheme, it will take all actions necessary to:

- cause the appointment of the nominees of CCEP, as notified to Amatil in writing no less than 5 Business Days prior to the Implementation Date, to the Amatil Board, in accordance with the constitution of Amatil;
- ensure that all directors on the Amatil Board, other than the directors nominated by TCCC and the CCEP nominees resign, in accordance with the constitution of Amatil; and
- ensure that all directors on the boards of each other Amatil Group Member who are Amatil Directors, and any other directors on the boards of each other Amatil Group Member who are not Amatil Directors notified by CCEP to Amatil in writing no less than 10 Business Days prior to the Implementation Date resign and to cause the appointment of such nominees of CCEP as are notified to Amatil in writing no less than 10 Business Days prior to the Implementation Date to those boards, in each case in accordance with the constitution or other constituent documents of the relevant other Amatil Group Member.

Accordingly, it is not possible for the Amatil Related Party Committee Member or the Amatil Group Managing Director to provide a statement of their intentions regarding:

- the continuation of the business of Amatil or how Amatil's existing business will be conducted;
- any major changes to be made to the business of Amatil, including any deployment of the fixed assets of Amatil; and
- the future employment of the present employees of Amatil,

in each case, after the Scheme is implemented.

To the extent any of the TCCC Nominee Amatil Directors remain directors of Amatil following the Scheme Implementation Deed, the intentions of those directors regarding the matters set out above are as set out in section 7.5 of this Scheme Booklet.

If the Scheme is implemented, CCEP Sub will Control Amatil. The Amatil Related Party Committee Members and the Amatil Group Managing Director have been advised that the intentions of CCEP are as set out in section 7.5 of this Scheme Booklet.

10.10 Regulatory matters

(a) **Status of regulatory approvals**

The Conditions Precedent to the Scheme include FIRB and OIO approval. As announced by Amatil to the ASX on 1 February 2021, on 29 January 2021, FIRB determined that the Commonwealth has no objection to CCEP Sub acquiring up to a 100% interest in Amatil. As a result, the FIRB Condition Precedent to the Scheme has been satisfied.

As at the date of this Scheme Booklet, the OIO Condition Precedent remains outstanding. Amatil understands that the OIO has advised CCEP that the New Zealand Minister of Finance requires the OIO consent application in relation to the Scheme to undergo a national interest assessment. While Amatil is not aware of any circumstances which would cause the OIO Condition Precedent not to be satisfied as at the date of this Scheme Booklet, it is possible the OIO approval required for the Scheme to proceed may be delayed and that this may result in a delay to the date of the Scheme Meeting. Independent Amatil Shareholders should note that the OIO Condition Precedent will need to be satisfied in order for the Scheme to proceed.

The OIO Condition Precedent cannot be waived by any of the parties to the Scheme Implementation Deed.

(b) **ASIC relief**

(1) **Paragraph 8302(d) of Part 3 of Schedule 8 of the Corporations Regulations**

Paragraph 8302(d) of Part 3 of Schedule 8 of the Corporations Regulations requires this Scheme Booklet to set out particulars of any payment or benefit proposed to be made or given to any director, secretary or executive officer of Amatil or a Related Body Corporate (each a **Relevant Person**) as compensation for loss of office in Amatil or a Related Body Corporate or as conditions for or in connection with his or her retirement from office in Amatil or a Related Body Corporate.

ASIC has granted Amatil relief from this requirement on the basis that Amatil is not required to set out in this Scheme Booklet the particulars of any payments or benefits which may be made or given to a Relevant Person in relation to their loss of office, or retirement from office, unless:

- the Relevant Person will lose office or retire from office as a consequence of, or in connection with, the Scheme; or
- the amount of any payment or benefit which may be made to the Relevant Person upon their loss of office or retirement from office may be materially affected by the Scheme.

(2) **Paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations**

Paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations requires this Scheme Booklet to set out whether, within the knowledge of the Amatil Directors the financial position of Amatil has materially changed since the date of the last balance sheet laid before Amatil in general meeting (being its financial statements for the financial year ended 31 December 2019) or sent to Amatil Shareholders in accordance with section 314 or 317 of the Corporations Act, and, if so, full particulars of any change.

ASIC has granted Amatil relief from this requirement so that this Scheme Booklet only needs to set out whether, within the knowledge of the Amatil Directors, the financial position of Amatil has materially changed since 31 December 2020 and the date of this Scheme Booklet, and, if so, full particulars of any change, and on the basis that Amatil discloses in announcements to the market operated by ASX any material changes to its financial position that occur after the date of lodgement of this Scheme Booklet for registration with ASIC but prior to the Scheme being approved by the Court. Amatil will ensure that a copy of its financial report for the financial year ended 31 December 2020 is made available, free of charge, to any Amatil Shareholder who requests a copy before the Scheme is approved by order of the Court. Amatil Shareholders can also access a copy of Amatil's financial report for the financial year ended 31 December 2020 from the ASX website at www2.asx.com.au and Amatil's website at www.ccamatil.com.

(3) **Section 250N of the Corporations Act**

Section 250N of the Corporations Act requires Amatil to hold its annual general meeting (**AGM**) for the financial year ended 31 December 2020 by no later than 31 May 2021.

Amatil has applied to ASIC under section 250P of the Corporations Act to extend the period within which it would otherwise be required to hold its annual general meeting for the financial year ended 31 December 2020 by three months. Amatil will announce to the ASX whether ASIC has granted the extension requested as soon as the decision is available.

As at the date of this Scheme Booklet, ASIC has advised Amatil that it has made a decision in principle that, should the need for an AGM become necessary, ASIC will extend the time for holding that AGM for an initial period of 6 weeks to allow for additional time for the preparation of meeting materials.

(4) **Section 606 of the Corporations Act**

The information contained in this section 10.10(b)(4) is the responsibility of CCEP. Neither Amatil, nor any other Amatil Group Member, nor any of their respective directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the information in this section 10.10(b)(4).

Section 606 of the Corporations Act prohibits the acquisition of a relevant interest in the issued voting shares in a listed company where, because of the transaction, a party's voting power increases from below 20% to more than 20%.

ASIC has granted relief to CCEP and CCEP Sub (together the **CCEP Entities**) from the operation of section 606 of the Corporations Act in relation to the acquisition of a relevant interest in ordinary shares in Amatil which arises solely as a result of the entry by the CCEP Entities, TCCC and TCCC Holder (together **TCCC Entities**) into the Co-Operation and Sale Deed for the purpose of enabling the CCEP Entities to pursue the Scheme.

The relief granted to the CCEP Entities from the operation of section 606 of the Corporations Act is subject to the following conditions:

- the CCEP Entities and TCCC Entities (**Joint Acquirers**) must immediately terminate the Co-Operation and Sale Deed, and each Joint Acquirer must immediately terminate any relevant agreements entered into by that Joint Acquirer or its associates of which they are aware that affects that Joint Acquirer's voting power in Amatil and relates to the Scheme, if the Scheme does not, or will not, proceed (including because a Conditions Precedent to the Scheme has not been, or cannot be, satisfied or waived);

- the:
  - CCEP Entities must immediately notify ASIC of, and on request provide ASIC with, any amendment or variation to the Co-Operation and Sale Deed or the Scheme Implementation Deed; and
  - relevant Joint Acquirer must immediately notify ASIC of, and on request provide ASIC with, any other relevant agreement entered into by that Joint Acquirer or its associates of which they are aware that affects a Joint Acquirer's voting power in Amatil and relates to the Scheme;
- the CCEP Entities must use their best endeavours to have Amatil engage an independent expert to prepare a report on whether the Scheme is in the best interests of the holders of issued voting shares in Amatil (other than TCCC and its related bodies corporate);
- each Joint Acquirer must not, and must ensure that each of their respective associates do not, vote any issued voting shares in Amatil in which they have a relevant interest at any meeting to approve the Scheme;
- following execution of the Co-Operation and Sale Deed:
  - the CCEP Entities must give a substantial holding notice in accordance with section 671B of the Corporations Act, specifying their voting power in Amatil following execution of the Co-Operation and Sale Deed; and
  - the CCEP Entities must attach a copy of the Co-Operation and Sale Deed to their substantial holding notice; and
- if any person that is not a Joint Acquirer or an associate of a Joint Acquirer becomes an associate of a Joint Acquirer (**New Associate**) during the period from the date of the instrument until the date the relevant Joint Acquirer ceases to have voting power in Amatil that is affected by any relevant agreement relating to the Scheme, that Joint Acquirer must take all reasonable steps to ensure that the New Associate does not acquire relevant interests in issued voting shares in Amatil in reliance on item 9 of the table in section 611 of the Corporations Act that the New Associate would not be able to acquire if that Joint Acquirer and/or its associates' voting power in Amatil had, at all relevant times, excluding any voting power arising as a result of, or in connection with, any relevant agreement relating to the Scheme.

Please refer to section 6.10 of this Scheme Booklet for details of the substantial holding notice (Form 604) dated 4 November 2020 provided by the CCEP Entities to Amatil and lodged with the ASX, which attaches a copy of the Co-Operation and Sale Deed.

10.11 No unacceptable circumstances

The Amatil Related Party Committee and the Amatil Group Managing Director believe that the Scheme does not involve any circumstances in relation to the affairs of Amatil that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

10.12 Copy of Amatil Share Register

Under sections 169 and 173 of the Corporations Act, any Amatil Shareholder has a right to inspect, and to ask for a copy of, the Amatil Share Register which contains details of the name and address of each Amatil Shareholder. Amatil may require an Amatil Shareholder to provide reasons for their request prior to providing a copy of the Amatil Share Register, and an Amatil Shareholder must not use any information obtained for an improper purpose. A copy of the Amatil Share Register will be given to any Amatil Shareholder upon request and payment of the prescribed fee under the Corporations Act where Amatil is satisfied that the details provided are not likely to be used for an improper purpose.

10.13 Transaction costs

Each of the persons named in section 10.8(a) as performing a function in a professional, advisory or other capacity in connection with the Scheme, the CCEP/TCCC Transaction and the preparation of this Scheme Booklet will be entitled to receive professional fees charged in accordance with their normal basis of charging.

Amatil estimates that it will incur approximately \$59 million – \$61 million (excluding GST) in external transaction costs which relate to the Scheme and the CCEP/TCCC Transaction. This includes advisory fees (including for Amatil's financial and legal advisers), the Independent Expert's fees, Court fees, registry, printing and mailing costs and expenses associated with convening and holding the Scheme Meeting but excludes the insurance premium Amatil expects to pay for entry into the directors' and officers' run-off insurance cover set out in section 10.4(c) of this Scheme Booklet. Of this, approximately \$12 million – \$16 million (excluding GST) will be incurred regardless of whether or not the Scheme is implemented, excluding any Reimbursement Fee that may be payable to CCEP.

10.14 No other material information

Except as disclosed elsewhere in this Scheme Booklet, so far as the Amatil Directors are aware, there is no other information that is:

- material to the making of a decision by an Independent Amatil Shareholder whether or not to vote in favour of the Scheme; and
- known to any Amatil Director at the date of lodging this Scheme Booklet with ASIC for registration,

which has not previously been disclosed to Amatil Shareholders.

10.15 Supplementary disclosure

Amatil will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of this Scheme Booklet and the Second Court Date:

- a material statement in this Scheme Booklet is false or misleading in a material respect;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter included in this Scheme Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of this Scheme Booklet.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Amatil may circulate and publish any supplementary document by:

- making an announcement to the ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to Amatil Shareholders at their address shown on the Amatil Share Register; and/or
- posting a statement on Amatil's website (https://www.ccamatil.com/au),

as Amatil, in its absolute discretion, considers appropriate.

11. GLOSSARY

11.1 Definitions

In this Scheme Booklet, unless the context otherwise appears, the following terms have the meanings shown below:

Term	Meaning
1H 2021	the half year ending on 30 June 2021.
1H 2021 Dividend	any interim dividend declared on or after 30 August 2021 and paid by Amatil to Amatil Shareholders in respect of 1H 2021 and paid before the Scheme Record Date in line with historical payout ratios and up to a maximum of 15 cents per Amatil Share.
2018-2020 LTIP	the long term incentive plan operated by the Amatil Group in respect of the performance period between 1 January 2018 and 31 December 2020.
2019-2021 LTIP	the long term incentive plan operated by the Amatil Group in respect of the performance period between 1 January 2019 and 31 December 2021.
2020-2022 LTIP	the long term incentive plan operated by the Amatil Group in respect of the performance period between 1 January 2020 and 31 December 2022.
2020 STIP	any short term incentive awards (in any form whatsoever) made or to be made to Amatil Group employees in respect of the financial year ended 31 December 2020.
2021-2023 LTIP	any long term incentive plan operated by the Amatil Group in respect of the performance period between 1 January 2021 and 31 December 2023.
2021 Executive STIP	the 2021 STIP for employees who are eligible to participate in long term incentive plans operated by the Amatil Group (being primarily "Board Oversight Roles" as referred to in the People Committee Charter and a small number of other employees).
2021 STIP	any short term incentive awards (in any form whatsoever) made or to be made to Amatil Group employees in respect of the financial year ending 31 December 2021.
2H 2020	the half year ended on 31 December 2020.
2H 2020 Dividend	a final dividend of $0.18 per Amatil Share to Amatil Shareholders in respect of 2H 2020, as declared by the Amatil Board and announced by Amatil to the ASX on 18 February 2021 and which is fully franked.
2H 2020 Dividend Ex Date	16 April 2021.
2H 2020 Dividend Payment Date	30 April 2021.
2H 2020 Dividend Record Date	19 April 2021.
4Q20	the fourth quarter of the financial year ended 31 December 2020.
Additional Due Diligence Materials	the due diligence information agreed in writing between Amatil, CCEP and CCEP Sub.

Term	Meaning
Affiliate	in relation to TCCC and TCCC Holder, an 'Associated Entity' or a 'Subsidiary' (in each case within the meaning given in the Corporations Act) (provided that no shareholder of TCCC shall constitute an Affiliate of TCCC).
Amatil	Coca-Cola Amatil Limited ABN 26 004 139 397.
Amatil Board	the board of directors of Amatil.
Amatil Director	any director of Amatil comprising part of the Amatil Board.
Amatil Equity Incentives	any rights to Amatil Shares issued under employee incentive arrangements of the Amatil Group.
Amatil Group	Amatil and each of its Subsidiaries, and a reference to an **Amatil Group Member** or a **member of the Amatil Group** is to Amatil or any of its Subsidiaries.
Amatil Group Managing Director	the Group Managing Director of Amatil from time to time who, as at the date of this Scheme Booklet, is Ms Alison Watkins.
Amatil Independent Non-Executive Directors	the independent non-executive directors of Amatil from time to time, which as at the date of this Scheme Booklet, comprise Ms Ilana Atlas, Mr Massimo Borghetti, Mr Mark Johnson, Mr Paul Dominic O'Sullivan and Ms Penelope Winn.
Amatil Information	the information contained in this Scheme Booklet, other than: 1 the CCEP Information; 2 the Independent Expert's Report; and 3 section 9 ('Tax implications') of this Scheme Booklet.
Amatil Matching Share Plan	the MyAmatil Employee Share Plan, as governed by the CCA Employees Share Plan Rules and applicable award documentation (including offer letters).
Amatil Matching Shares	the Amatil Shares (whether restricted or otherwise) granted in accordance with the Amatil Matching Share Plan.
Amatil Material Adverse Change	either: 1 an event, change, condition, matter, circumstance or thing (each a **Specified Event**) occurring after the date of the Scheme Implementation Deed; or 2 CCEP becoming aware after the date of the Scheme Implementation Deed of a Specified Event which occurred prior to the date of the Scheme Implementation Deed but of which Amatil was aware prior to the date of the Scheme Implementation Deed, which Specified Event, whether individually or when aggregated with all such events, changes, conditions, matters, circumstances or things of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have the effect of: 3 a diminution in the total assets of the Amatil Group, taken as a whole, by at least $650 million against the 30 June 2020 Amatil Group reported balance sheet; or

Term	Meaning
Amatil Material Adverse Change *(cont)*	4 a diminution in the recurring EBITDA of the Amatil Group (for the purposes of this definition being EBITDA excluding non-recurring or non-trading items in accordance with Amatil's accounting policies and the applicable accounting standards including those prescribed by the Australian Accounting Standards Board), taken as a whole, of at least $100 million measured on a rolling 12-month basis against the recurring EBITDA of the Amatil Group for the 12 months ended 30 June 2020, other than those events, changes, conditions, matters, circumstances or things to the extent that they: 1 do not affect Amatil disproportionately to its competitors or other companies generally; 2 were Fairly Disclosed in: – the Disclosure Materials; – the Additional Due Diligence Materials; or – an announcement made by Amatil or an Amatil Group Member to a Relevant Exchange, or a publicly available document lodged by Amatil or a Subsidiary of Amatil with any Government Agency in a Relevant Jurisdiction (including ASIC), or which would be disclosed in a search of ASIC records or the PPS Register (or equivalent records or registers in another Relevant Jurisdiction) or the public records maintained by any court in a Relevant Jurisdiction in relation to Amatil or a Subsidiary of Amatil (as relevant), in each case prior to the date of the Scheme Implementation Deed, in each case, other than matters arising after the date of the Scheme Implementation Deed or of which Amatil and CCEP were not aware before the date of the Scheme Implementation Deed; 3 are within the actual knowledge of a CCEP Group Member as at the date of the Scheme Implementation Deed; 4 arise from general economic or market conditions or changes in rates, prices or markets (including interest rates, exchange rates, commodity prices or in domestic or international financial markets); 5 arise from the Coronavirus or COVID-19 pandemic, including the outbreak, escalation or any impact of, or recovery from, the Coronavirus or COVID-19 pandemic, including as a result of lockdowns, travel restrictions, social distancing and restrictions of and on activities, venues and gatherings; 6 arise from any change in law, regulation, accounting standards or principles or governmental policy, or the interpretation of any of them; 7 are contemplated by, required to be done or procured by the Amatil Group in connection with or under, or expressly permitted by, the Scheme Implementation Deed, the Scheme or the transactions contemplated by either; 8 are agreed to, or requested, in writing by CCEP; 9 arise from any act of terrorism, outbreak or escalation of war (whether or not declared) or major hostilities, an act of God, lightning, storm, flood, fire, earthquake or explosion, cyclone, tidal wave, landslide, other natural disaster or adverse weather conditions or the like;

Term	Meaning
Amatil Material Adverse Change *(cont)*	10 arise from any action taken, or not taken, by a TCCC Group Member; or 11 arise out of the announcement of the Transaction, the CCEP/TCCC Transaction or the Scheme (including any loss of or adverse change in the relationship of Amatil or its Subsidiaries with their respective employees, customers, partners (including joint venture partners or brand partners), creditors, suppliers or contractual counterparties as at the date of the Scheme Implementation Deed, including the loss of any contract), provided that Amatil has complied in all respects with clause 5.4(a)(6) of the Scheme Implementation Deed, according to which Amatil must, and must cause each other Amatil Group Member to use reasonable endeavours to, manage the effects of the announcement of the Transaction, the CCEP/TCCC Transaction and the Scheme (including in relation to the employees, customers, partners (including joint venture partners or brand partners), creditors, suppliers or contractual counterparties of the Amatil Group as at the date of the Scheme Implementation Deed) and consult with CCEP and take into account its reasonable comments in respect of managing the effects of the announcement.
Amatil Permitted Dividend	1 the 2H 2020 Dividend; and 2 any 1H 2021 Dividend.
Amatil Prescribed Occurrence	the occurrence of any of the following: 1 Amatil converting all or any of its shares into a larger or smaller number of shares; 2 Amatil resolving to reduce its share capital in any way; 3 a member of the Amatil Group: – entering into a buy-back agreement; or – resolving to approve the terms of a buy-back agreement under the Corporations Act; 4 a member of the Amatil Group issuing shares, or granting a performance right or an option over its shares, or agreeing to make such an issue or grant such a right or an option, other than: – to a Related Body Corporate of Amatil; – on vesting or exercise of, or in respect of, an Amatil Equity Incentive or Amatil Restricted Share existing as at the date of the Scheme Implementation Deed, including as a result of, in connection with, or pursuant to, clause 4.6 of the Scheme Implementation Deed; or – under the terms of the 'CCA Dividend Reinvestment Plan Rules' as at 13 May 2014; 5 a member of the Amatil Group issuing or agreeing to issue securities convertible into shares other than as a result of, in connection with, or pursuant to, clause 4.6 of the Scheme Implementation Deed; 6 a member of the Amatil Group disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property; 7 a member of the Amatil Group granting a Security Interest, or agreeing to grant a Security Interest, in the whole, or a substantial part, of its business or property; or 8 an Insolvency Event occurs in relation to a material member of the Amatil Group,

Term	Meaning
Amatil Prescribed Occurrence *(cont)*	other than: 1 as Fairly Disclosed in: – the Disclosure Materials; – the Additional Due Diligence Materials; or – an announcement made by Amatil or an Amatil Group Member to a Relevant Exchange, or a publicly available document lodged by Amatil or a Subsidiary of Amatil with any Government Agency in a Relevant Jurisdiction (including ASIC), or which would be disclosed in a search of ASIC records or the PPS Register (or equivalent records or registers in another Relevant Jurisdiction) or the public records maintained by any court in a Relevant Jurisdiction, in relation to Amatil or a Subsidiary of Amatil (as relevant), in each case prior to the date of the Scheme Implementation Deed, in each case, other than matters arising after the date of the Scheme Implementation Deed or of which Amatil and CCEP were not aware before the date of the Scheme Implementation Deed; 2 which is required by any applicable law, regulation, accounting standards or principles, contract (provided the contract was entered into prior to the date of the Scheme Implementation Deed or was permitted by the Scheme Implementation Deed) or by a Government Agency; 3 which is within the actual knowledge of a CCEP Group Member as at the date of the Scheme Implementation Deed; 4 as contemplated by, required to be done or procured by the Amatil Group in connection with or under, or expressly permitted by, the Scheme Implementation Deed, the Scheme or the transactions contemplated by either; or 5 as agreed to, or requested, by CCEP in writing.
Amatil Regulated Event	the occurrence of any of the following: 1 **corporate and capital structure:** – an Amatil Group Member reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares; or – other than any Amatil Permitted Dividend or pursuant to clause 4.6 of the Scheme Implementation Deed, Amatil announcing, making, declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to its members (whether in cash or in specie); 2 **constituent documents:** an Amatil Group Member making any change to its constitution or other constituent document; 3 **acquisitions and disposals:** a member of the Amatil Group acquiring any business, entity or undertaking or disposing of any business, assets, entity or undertaking, whether in one or a number of related transactions, where the amounts of the value involved, or reasonably expected to be involved, in such transaction or transactions exceed \$25 million (individually) or \$75 million (in aggregate) provided that in calculating any aggregate for the purpose of this paragraph, individual matters or items in the ordinary course of business or any transaction with an individual value which does not exceed \$10 million are excluded;

Term	Meaning
Amatil Regulated Event *(cont)*	4 **material contracts:** a a member of the Amatil Group entering into, terminating or amending in a material respect any contract or commitment or series of related contracts or commitments (excluding in respect of Financial Indebtedness or a revenue contract or in the ordinary course) requiring payments by the Amatil Group in excess of $25 million per annum or $75 million over the term of the contract (in each case, individually) other than in the ordinary course of business; or b a member of the Amatil Group entering into, terminating or amending in a material respect, any material joint venture, partnership, asset or profit sharing agreement or similar arrangement, in respect of which, individually (i) the EBIT referable to the relevant Amatil Group Member's share of the arrangement exceeds $25 million or (ii) the net assets referable to the relevant Amatil Group Member's share of the arrangement exceed $75 million; 5 **capex:** any member of the Amatil Group incurring, or committing to incur, any individual item or series of related items of capital expenditure which is, or is reasonably expected to be, in excess of $50 million; 6 **disputes:** any member of the Amatil Group: – waiving any material Third Party default where the financial impact on the Amatil Group of that waiver will be in excess of $25 million (individually) or $75 million (in aggregate); – accepting as a compromise of a matter less than the full compensation due from a Third Party to a member of the Amatil Group where the financial impact of the compromise on the Amatil Group is more than $25 million (individually) or $75 million (in aggregate); or – commencing, compromising or settling any new material investigation, prosecution, penalty, arbitration or litigation against a member of the Amatil Group which could reasonably be expected to give rise to a liability for the Amatil Group in excess of $25 million (individually) or $75 million (in aggregate), provided that in calculating any aggregate for the purpose of this paragraph, individual matters or items in the ordinary course of business or with a value that does not exceed $10 million are excluded; 7 **financing:** a member of the Amatil Group incurring any additional or increasing any existing Financial Indebtedness for amounts or requiring payments by the Amatil Group in excess of $100 million (individually or in aggregate); 8 **financial accommodation:** any member of the Amatil Group providing financial accommodation other than to Amatil Group Members in excess of $75 million (individually or in aggregate); 9 **accounting:** a member of the Amatil Group changing any accounting method, practice or principle used by it, other than as a result of changes in generally accepted accounting standards or principles or the interpretation of any of them; or

Term	Meaning
Amatil Regulated Event *(cont)*	10 **employees:** a a member of the Amatil Group entering into any new employment agreement or terminating any employment agreement other than for cause in respect of which the aggregate annual compensation is greater than $750,000; b a member of the Amatil Group paying any bonus to, or increasing the compensation of, any officer or employee of any Amatil Group Member who receives aggregate annual compensation greater than $750,000, except where it is in the ordinary course of business and consistent with past practice, and the aggregate value of all such bonuses or increases does not exceed $5 million; or c a member of the Amatil Group granting to any officer or employee of any Amatil Group Member who receives aggregate annual compensation greater than $750,000 any severance or termination pay except to the extent required or permitted by Amatil's redundancy policies or by an employment contract in place at the date of the Scheme Implementation Deed, or required by law or the terms of an award or enterprise bargaining agreement or workplace agreement, in each case, excluding as a result of, in connection with, or pursuant to, clause 4.6 of the Scheme Implementation Deed; and 11 **cease business:** any material Amatil Group Member ceasing to carry on a business which accounted for more than $25 million in EBIT of the Amatil Group in the 12 months up to 30 June 2020 or more than $75 million of net assets of the Amatil Group as at 30 June 2020; 12 **new lines of business:** any Amatil Group Member entering into any new lines of business or undertaking any other material activities which it is not engaged in as of the date of the Scheme Implementation Deed which would, or would be reasonably likely to, account for more than a $25 million EBIT loss on average over the first three years after which an Amatil Group Member enters into the new line of business, undertaking or material activity; 13 **related party transactions:** a member of the Amatil Group entering into a material transaction with any related party of Amatil (other than a related party which is a member of the Amatil Group) as defined in section 228 of the Corporations Act excluding any transaction involving paying amounts or conferring benefits to Amatil Directors in accordance with or in connection with their employment or engagement terms or their statutory or other entitlements or as a result of, in connection with, or pursuant to, clause 4.6 of the Scheme Implementation Deed, according to which despite any other provision of the Scheme Implementation Deed: – subject to clause 4.6(b) of the Scheme Implementation Deed, Amatil, CCEP and CCEP Sub agree that the Amatil Equity Incentives, Amatil Restricted Shares and any other Amatil equity incentives (including future grants of incentives) will be treated in the manner agreed between the parties in writing on the date of the Scheme Implementation Deed; and

Term	Meaning
Amatil Regulated Event *(cont)*	– Amatil must ensure that all Amatil Equity Incentives which are not Amatil Shares have either lapsed or vested and converted into Amatil Shares such that there are no outstanding Amatil Equity Incentives which are not Amatil Shares on issue as at the Scheme Record Date. For the avoidance of doubt, Amatil, CCEP and CCEP Sub agree that the exercise of any discretion by the Amatil Board, or any other action, which is in accordance with clause 4.6 of the Scheme Implementation Deed will not be an Amatil Material Adverse Change, an Amatil Prescribed Occurrence or an Amatil Regulated Event or a breach of any provision of the Scheme Implementation Deed, or give rise to any right to terminate the Scheme Implementation Deed, and will be disregarded when assessing the operation of any other part of the Scheme Implementation Deed; and 14 **authorising:** any Amatil Group Member authorising, agreeing or announcing to the ASX an intention to do any of the things referred to in the paragraphs above.
Amatil Related Party Committee	the Related Party Committee of the Amatil Board, comprised of all of the independent non-executive Amatil Directors, and an **Amatil Related Party Committee Member** means any Amatil Director comprising part of the Amatil Related Party Committee.
Amatil Restricted Shares	the Amatil Shares which are subject to restrictions (including vesting conditions, disposal restriction, holding locks, forfeiting restriction or service conditions), including any Amatil Matching Shares.
Amatil Share	a fully paid ordinary share in the capital of Amatil.
Amatil Share Register	the register of members of Amatil maintained in accordance with the Corporations Act.
Amatil Share Registry	Link Market Services Limited ABN 54 083 214 537.
Amatil Shareholder	each person who is registered as the holder of an Amatil Share in the Amatil Share Register.
ASIC	Australian Securities and Investments Commission.
Associate	has the meaning set out in sections 12 and 16 of the Corporations Act.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
ATO	Australian Taxation Office.
Bond Issue	a debt capital markets issue that may be undertaken by CCEP.
Business Day	a day that is not a Saturday, Sunday, public holiday or bank holiday in Sydney, Australia.
Cash Reserves	the internal cash reserves and cash equivalents with an aggregate value of approximately €1.523 billion available to CCEP as at 31 December 2020 (which is equivalent to $2,361,972,704.71[113]).
CCEP	Coca-Cola European Partners plc (registered in England and Wales under number 09717350).

113 Based on EUR/AUD exchange rate of A$1=€0.6448 (being the rate published by the Reserve Bank of Australia for that date).

Term	Meaning
CCEP/TCCC Transaction	the proposed acquisition of TCCC Amatil Shares by a CCEP Group Member pursuant to the Co-Operation and Sale Deed in accordance with the terms of that agreement.
CCEP Board	the board of directors of CCEP.
CCEP Entities	CCEP and CCEP Sub.
CCEP FAQs	the answers to the questions "Who is CCEP?", "Who is CCEP Sub?", "Does CCEP currently hold any Amatil Shares?", "What is the CCEP/TCCC Transaction?", "Why does the Scheme not apply to the Amatil Shares held by TCCC Group?", "What consideration will TCCC receive for the sale of its Amatil Shares?", "Will TCCC Group retain any of its Amatil Shares following implementation of the Scheme?", "Will the CCEP/TCCC Transaction still proceed if the Scheme does not proceed?", "Can the terms of the Co-Operation and Sale Deed be amended?" and "Have CCEP Group and TCCC Group entered into any other arrangements in connection with the Scheme, the Amatil Group or its businesses?" in section 2 ('Frequently asked questions').
CCEP Group	CCEP and each of its Subsidiaries, and a reference to a **CCEP Group Member** or a **member of CCEP Group** is to CCEP or any of its Subsidiaries.
CCEP HoldCo	CCEP Holdings (Australia) Pty Ltd ACN 645 547 968.
CCEP Information	all of the information contained in: 1 sub-section (d) of the section entitled 'Overview of the Scheme and the CCEP/TCCC Transaction'; 2 the CCEP FAQs; 3 section 4.2(c)(1) ('Entitlements of TCCC Group', 'Consideration'); 4 section 5 ('Overview of the CCEP/TCCC Transaction'); 5 section 7 ('Information about CCEP'); 6 section 10.6 ('Co-Operation and Sale Deed'); and 7 section 10.10(b)(4) ('Section 606 of the Corporations Act'), in each case of this Scheme Booklet. For the avoidance of doubt, the CCEP Information excludes the Independent Expert's Report and the information contained in section 9 ('Tax implications') of this Scheme Booklet.
CCEP Shares	ordinary shares of nominal value of €0.01 each in the share capital of CCEP.
CCEP Sub	CCEP Australia Pty Ltd ACN 645 548 634.
CGT	capital gains tax.
CHESS	Clearing House Electronic Subregister System.
Commitment Letter	the letter dated 22 October 2020 from Credit Suisse AG, London Branch to CCEP relating to the financing of the Transaction.
Competing Bidder	a person (including a TCCC Group Member or an Associate of a TCCC Group Member) other than: 1 CCEP and its Related Bodies Corporate; or 2 an Associate of CCEP or its Related Bodies Corporate (excluding a TCCC Group Member or an Associate of a TCCC Group Member).

Term	Meaning
Competing Proposal	any proposal, agreement, arrangement or transaction, which, if entered into or completed, would result in a Competing Bidder (either alone or together with any Associate): 1 directly or indirectly acquiring a Relevant Interest in, or having a right to acquire, a legal, beneficial or economic interest in, or control of, 20% or more of the Amatil Shares; 2 acquiring Control of Amatil; 3 directly or indirectly acquiring or becoming the holder of, or otherwise acquiring or having a right to acquire, a legal, beneficial or economic interest in, or control of, all or a substantial part of Amatil's business or assets or the business or assets of the Amatil Group; 4 otherwise directly or indirectly acquiring or merging with Amatil; or 5 requiring Amatil to abandon, or otherwise fail to proceed with, the Transaction, whether by way of takeover bid, members' or creditors' scheme of arrangement, reverse takeover, shareholder approved acquisition, capital reduction, buy-back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement, recapitalisation, refinancing or other transaction or arrangement. For the avoidance of doubt, each successive material modification or variation of any proposal, agreement, arrangement or transaction in relation to a Competing Proposal will constitute a new Competing Proposal.
Condition Precedent	each of the following conditions: 1 **Regulatory approvals:** before 5.00pm (Sydney time) on the Business Day before the Second Court Date: – **FIRB:** one of the following has occurred: (A) CCEP has received written notice under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**), by or on behalf of the Treasurer of the Commonwealth of Australia (**Treasurer**), advising that the Commonwealth Government has no objections to the Transaction, either unconditionally or on terms that CCEP reasonably considers to be acceptable (subject to clause 3.2(d)(10) of the Scheme Implementation Deed); (B) the Treasurer becomes precluded by the passage of time from making an order or decision under Part 3 of the FATA in relation to the Transaction and the Transaction is not prohibited by section 82 of the FATA; or (C) where an interim order is made under section 68 of the FATA in respect of the Transaction, the subsequent period for making an order or decision under Part 3 of the FATA elapses without the Treasurer making such an order or decision; and – **OIO:** CCEP has received all approvals or consents required under the *Overseas Investment Act 2005* (NZ) for the implementation of the Scheme either unconditionally or on conditions that CCEP reasonably considers to be acceptable (subject to clause 3.2(d)(10) of the Scheme Implementation Deed) and such approvals or consents have not been withdrawn, suspended or revoked before 8.00am (Sydney time) on the Second Court Date;

Term	Meaning
Condition Precedent *(cont)*	2 **Shareholder approval:** Amatil Shareholders (other than Excluded Shareholders) agree to the Scheme at the Scheme Meeting by the requisite majorities under subparagraph 411(4)(a)(ii) of the Corporations Act; 3 **Independent Expert:** the Independent Expert: – issues an Independent Expert's Report which concludes that the Scheme is fair and reasonable and in the best interests of Amatil Shareholders (other than Excluded Shareholders) before the time when the Scheme Booklet is registered by ASIC; and – does not change its conclusion or withdraw its Independent Expert's Report before 8.00am (Sydney time) on the Second Court Date; 4 **Court approval:** the Court approves the Scheme in accordance with paragraph 411(4)(b) of the Corporations Act; 5 **Restraints:** no permanent law, rule, regulation, restraining order, injunction or other order (which is final and cannot be appealed or reviewed) that would prevent or delay the Scheme made by an Australian court of competent jurisdiction or Australian Government Agency on the application of an Australian Government Agency is in effect at 8.00am (Sydney time) on the Second Court Date; 6 **No Amatil Material Adverse Change:** no Amatil Material Adverse Change occurs between (and including) the date of the Scheme Implementation Deed and 8.00am (Sydney time) on the Second Court Date (subject to clause 3.2(c) of the Scheme Implementation Deed); and 7 **No Amatil Prescribed Occurrence:** no Amatil Prescribed Occurrence occurs between (and including) the date of the Scheme Implementation Deed and 8.00am (Sydney time) on the Second Court Date (subject to clause 3.2(c) of the Scheme Implementation Deed).
Confidentiality Deed	the confidentiality deed between CCEP and Amatil dated before the date of the Scheme Implementation Deed.
Control	has the meaning given in section 50AA of the Corporations Act.
Co-Operation and Sale Deed	the Co-Operation and Sale Deed between CCEP, CCEP Sub, TCCC and TCCC Holder dated 4 November 2020.
Co-Operation Letter	the letter agreement between CCEP and TCCC entitled 'Potential acquisition of shares in Coca-Cola Amatil Limited' dated 25 October 2020.
Corporations Act	the *Corporations Act 2001* (Cth), as modified or varied by ASIC.
Corporations Regulations	the *Corporations Regulations 2001* (Cth).
Court	the Supreme Court of New South Wales or such other court of competent jurisdiction under the Corporations Act agreed to in writing by CCEP and Amatil.
CY2019	the calendar year ended 31 December 2019.
CY2020	the calendar year ended 31 December 2020.
CY2021	the calendar year ending 31 December 2021.
CY2022	the calendar year ending 31 December 2022.

Term	Meaning
D&O Deeds	deeds of indemnity, insurance and access entered into by Amatil with the directors and various executive officers of the Amatil Group, on customary terms.
Debt Financier	a person who is, or is proposed to be, engaged by a CCEP Group Member or any Associate of a CCEP Group Member to provide, directly or indirectly, from its own funds debt finance financing or other financial assistance to a CCEP Group Member or any Associate of a CCEP Group Member in connection with the Transaction or the CCEP/TCCC Transaction or any other transaction under which a CCEP Group Member may acquire, dispose, acquire and dispose or otherwise enter into any arrangements in relation to any securities, business, operations or assets (or any interest in any securities, business, operations or assets) of the Amatil Group.
Debt Financing	the financing contemplated by the Commitment Letter, any replacement debt instruments and any refinancing contemplated in connection with the Transaction.
Deed Poll	a deed poll in the form of Annexure 3 under which CCEP and CCEP Sub covenant in favour of the Scheme Shareholders to perform the obligations attributed to CCEP and CCEP Sub under the Scheme.
Disclosure Letter	a letter identified as such provided by Amatil to CCEP and countersigned by CCEP prior to entry into the Scheme Implementation Deed.
Disclosure Materials	1 the documents and information contained in the data room made available by Amatil or its Related Persons to CCEP or its Related Persons prior to execution of the Scheme Implementation Deed, the index of which has been electronically initialled by the parties' lawyers for the purposes of identification before the execution of the Scheme Implementation Deed; 2 written responses from Amatil and its Related Persons to requests for further information made by CCEP and its Related Persons, the index of which has been electronically initialled by the parties' lawyers for the purposes of identification before the execution of the Scheme Implementation Deed; 3 the Disclosure Letter; and 4 any other information made available by Amatil or its Related Persons to CCEP or its Related Persons prior to execution of the Scheme Implementation Deed which is agreed between the parties in writing on the date of the Scheme Implementation Deed.
EBIT	recurring earnings before interest and tax being earnings before interest and tax excluding non-recurring or non-trading items in accordance with Amatil's accounting policies and the applicable accounting standards including those prescribed by the Australian Accounting Standards Board.
EBITDA	earnings before interest, tax, depreciation and amortisation (on a post-AASB 16 basis) for continuing operations adjusted to exclude non-trading items.
Effective	when used in relation to the Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the order of the Court made under paragraph 411(4)(b) of the Corporations Act in relation to the Scheme.
Effective Date	the date on which the Scheme becomes Effective, currently expected to be 21 April 2021.

Term	Meaning
End Date	1 30 September 2021; or 2 such other date as agreed in writing by the parties.
Excluded Shareholder	any Amatil Shareholder who: 1 is a member of CCEP Group or any Amatil Shareholder who holds any Amatil Shares on behalf of, or for the benefit of, any member of CCEP Group and does not hold Amatil Shares on behalf of, or for the benefit of, any other person; or 2 is a member of TCCC Group, including TCCC Holder, or any Amatil Shareholder who holds any Amatil Shares on behalf of, or for the benefit of, any member of TCCC Group, including TCCC Holder, and does not hold Amatil Shares on behalf of, or for the benefit of, any other person, in each case, at the Scheme Record Date.
Facility	the loan facility made available under the Facility Agreement.
Facility Agreement	the term facility agreement dated 2 December 2020 pursuant to which Barclays BankPLC; Banco Santander, S.A., London Branch; BNP Paribas Fortis SA/NV; Citibank, N.A., London Branch; Coöperatieve Rabobank U.A. trading as Rabobank London; Credit Suisse AG, London Branch; Deutsche Bank Luxembourg S.A.; Goldman Sachs Bank USA; JPMorgan Chase Bank, N.A., London Branch; Mizuho Bank, Ltd.; The Hongkong and Shanghai Banking Corporation Limited; UniCredit Bank AG, New York Branch; and Westpac Banking Corporation have agreed to provide CCEP with a Facility to fund CCEP's payment of the Maximum Funding Requirement.
Fairly Disclosed	disclosed in sufficient detail to enable a reasonable and sophisticated person experienced in transactions similar to the Transaction to identify the nature and potential impact of the relevant matter.
FATA	the *Foreign Acquisitions and Takeovers Act 1975* (Cth).
FCA	UK Financial Conduct Authority.
Financial Adviser	any financial adviser retained by a party in relation to the Transaction and the CCEP/TCCC Transaction from time to time.
Financial Indebtedness	any debt or other monetary liability (whether actual or contingent) in respect of monies borrowed or raised or any financial accommodation including under or in respect of any: 1 bill, bond, debenture, note or similar instrument; 2 acceptance, endorsement or discounting arrangement; 3 guarantee; 4 financial or capital lease; 5 agreement for the deferral or a purchase price or other payment in relation to the acquisition of any asset or service; or 6 obligation to deliver goods or provide services paid for in advance by any financier or debt factoring or receivables financing arrangement.
FIRB	the Australian Foreign Investment Review Board.
First Court Date	the first day on which an application made to the Court for an order under subsection 411(1) of the Corporations Act convening the Scheme Meeting is heard, or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.

Term	Meaning
First Tranche Sale Shares	78,191,967 of the Amatil Shares held by TCCC Group (being approximately one third of its shareholding in Amatil) and representing approximately 10.8% of the Amatil Shares on issue as at the date of this Scheme Booklet.
FY2020	the financial year ended 31 December 2020.
FY2021	the financial year ending 31 December 2021.
FY2022	the financial year ending 31 December 2022.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian.
Grant Samuel	Grant Samuel & Associates Pty Limited ABN 28 050 036 372.
Group Leadership Team	as at the date of this Scheme Booklet, the persons set out in section 6.4 of this Scheme Booklet.
GST	goods and services tax or similar value added tax levied or imposed in Australia under the GST Law or otherwise on a supply.
GST Act	the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).
GST Law	has the same meaning as in the GST Act.
HIN	Holder Identification Number.
Implementation Date	the fifth Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as Amatil and CCEP agree in writing, currently expected to be 10 May 2021.
Independent Amatil Shareholders	Amatil Shareholders (other than Excluded Shareholders).
Independent Expert	Grant Samuel, the independent expert in respect of the Scheme appointed by Amatil.
Independent Expert's Report	the report issued by the Independent Expert in connection with the Scheme, as set out in Annexure 1.
Initial CCEP Proposal	the non-binding indicative proposal from CCEP announced by Amatil to the ASX on 26 October 2020 to acquire all of the Amatil Shares held by Independent Amatil Shareholders for $12.75 cash per Amatil Share (less any final dividends in respect of 2H 2020 declared and paid to Amatil Shareholders before implementation of any Scheme), and the separate acquisition by CCEP of Amatil Shares held indirectly by TCCC.

Term	Meaning
Insolvency Event	in relation to an entity: 1 the entity resolving that it be wound up or a court making an order for the winding up or dissolution of the entity (other than where the order is set aside within 14 days); 2 a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other insolvency official being appointed to the entity or in relation to the whole, or a substantial part, of its assets; 3 the entity executing a deed of company arrangement; 4 the entity ceases, or threatens to cease to, carry on substantially all the business conducted by it as at the date of the Scheme Implementation Deed; 5 the entity is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act (or, if appropriate, legislation of its place of incorporation); or 6 the entity being deregistered as a company or otherwise dissolved, or any other like event, matter or circumstance occurring in relation to an entity in another jurisdiction.
Joint Acquirers	the CCEP Entities and TCCC Entities.
Joint Bid Relief Instrument	ASIC instrument 20-1028 in respect of the Scheme and the CCEP/TCCC Transaction, issued on 4 November 2020.
Last Practicable Date	5 March 2021.
Listing Rules	the official listing rules of the ASX.
LSE	London Stock Exchange plc.
Material Conduct of Business Provisions	clauses 5.4 ('Conduct of business'), 5.6 ('Change of control'), 5.10 ('Financing cooperation') and 5.15 ('Access to information and management') of the Scheme Implementation Deed.
Material Conduct of Business Provision Targets	a participant's compliance from the date of the Scheme Implementation Deed with the Material Conduct of Business Provisions.
Maximum Funding Requirement	the Maximum Scheme Consideration, the Maximum TCCC Consideration and any associated transaction costs.
Maximum Scheme Consideration	the maximum consideration of $6,718,671,429.84 payable by CCEP Sub in connection with the Scheme, having regard to Amatil's issued share capital as at the date of this Scheme Booklet, the proposed treatment of the Amatil Equity Incentives and the total cash amount of $13.50 per Amatil Share offered to Independent Amatil Shareholders (less the amount of the 2H 2020 Dividend being $0.18 per Amatil Share).
Maximum TCCC Consideration	the maximum consideration of $2,265,364,326.26 payable by CCEP Sub to TCCC Group for the 223,049,276 Amatil Shares under the CCEP/TCCC Transaction, assuming CCEP Sub elects to acquire all of the additional 144,857,309 Amatil Shares for cash on the Implementation Date.
NARTD	Non-Alcoholic Ready to Drink.
New Associate	any person that is not a Joint Acquirer or an associate of a Joint Acquirer that becomes an associate of a Joint Acquirer.

Term	Meaning
No Talk Period	the period from and including the date of the Scheme Implementation Deed to the earlier of: 1 the date of termination of the Scheme Implementation Deed; 2 the End Date; and 3 the Effective Date.
Non-TCCC Amatil Directors	1 each member of the Amatil Related Party Committee; and 2 the Amatil Group Managing Director.
OIO	Overseas Investment Office of New Zealand.
OTG Channels	the following on-the-go channels: national on premise, state immediate consumption, hotels, restaurants and cafés, vending and licenced.
PNG	Papua New Guinea.
Post-30 June 2021 Dividends	any dividends declared and paid by the Amatil Board after 30 June 2021 (including any 1H 2021 Dividend).
Post Tax Share Purchase Plan	the share plan through which a portion of the participant's short-term incentive is used to acquire Amatil Restricted Shares.
PPS Register	the register maintained under the *Personal Property Securities Act 2009* (Cth).
Put Option	a put option, pursuant to which CCEP Group may be required to acquire any Remaining Sale Shares that are not acquired by CCEP Sub as part of the Second Tranche Sale Shares if required by TCCC Group following implementation of the Scheme.
Put Option Consideration	the allotment and issue by CCEP to TCCC Holder (or to such TCCC Nominee as TCCC or TCCC Holder shall nominate) of the Put Option Consideration Shares in accordance with clause 6.2(b)(ii) of the Co-Operation and Sale Deed.
Put Option Consideration Shares	0.19372 new CCEP Shares per Amatil Share, subject to any adjustment (x) under clause 6.1(e) of the Co-Operation and Sale Deed or (y) as expressly contemplated in this definition. The number of Put Option Consideration Shares is calculated by reference to the ratio of: 1 the Amatil share price as at close of trading on the ASX on 22 October 2020 (in Sydney, Australia) (being $10.75); 2 divided by, the CCEP share price as at close of trading on the New York Stock Exchange on 22 October 2020 (in New York, USA) (being USD39.48), with the closing price for the purposes of paragraph (2) converted into Australian dollars using the USD-AUD exchange rate of 1.40558. The number of Put Option Consideration Shares shall be calculated by reference to the ratio referred to above having first deducted the cash amount of the 2H 2020 Dividend[114] per Amatil Share from the numerator in paragraph (1) above.
Put Option Exercise Notice	a written notice by TCCC Group as its sole discretion to CCEP Sub during the Put Option Exercise Period (or, to the extent permitted under the Co-Operation and Sale Deed, in the case of certain offers being made for CCEP Shares) requiring CCEP Sub to purchase all of the Put Option Shares for the Put Option Consideration.

114 The amount of any dividends determined or declared and paid to Amatil Shareholders on or before the Implementation Date other than any Post-30 June 2021 Dividends in line with historical payout ratios should also be deducted.

Term	Meaning
Put Option Exercise Period	a period of three years commencing on the date that is three years after the Implementation Date.
Put Option Shares	any Remaining Sale Shares that are not acquired by CCEP Sub as part of the Second Tranche Sale Shares.
Reimbursement Fee	$46,400,000 (excluding GST).
Related Bodies Corporate	has the meaning set out in section 50 of the Corporations Act.
Related Entity	in respect of CCEP and TCCC respectively, any Related Body Corporate of CCEP and TCCC (provided that no shareholder of TCCC shall constitute a Related Entity of TCCC).
Related Person	1 in respect of a party or its Related Bodies Corporate, each director, officer, employee, adviser, agent or representative of that party or Related Body Corporate; and 2 in respect of a Financial Adviser, each director, officer or employee of that Financial Adviser.
Relevant Exchange	1 the ASX; and 2 the South Pacific Stock Exchange.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Relevant Jurisdiction	Australia, New Zealand, Indonesia, PNG, Fiji or Samoa.
Relevant Person	any director, secretary or executive officer of Amatil or a Related Body Corporate.
Remaining Sale Shares	the 144,857,309 Amatil Shares held by TCCC Group (representing approximately 20% of the Amatil Shares on issue as at the date of this Scheme Booklet).
Reorganisation Event	1 any variation of the ordinary share capital of CCEP by way of consolidation, sub-division, reclassification or redesignation affecting the number of CCEP Shares in issue; 2 any issue of shares by CCEP by way of a capitalisation of profits or reserves (other than an issuance, offer, exercise, allotment, purchase or grant of shares pursuant to a CCEP share option or incentive scheme or pursuant to a dividend reinvestment plan or similar plan or scheme or approved scrip dividend programme); 3 any issue of shares by CCEP by way of a rights issue under which CCEP Shares are issued at less than 90%. of the market price immediately prior to the announcement of that rights issue, or any other issue of shares by CCEP for consideration with a value of less than 90%. of the market price immediately prior to the announcement of that issue (in each case other than an issuance, offer, exercise, allotment, purchase or grant of shares pursuant to a CCEP share option or incentive scheme or pursuant to a dividend reinvestment plan or similar plan or scheme or approved scrip dividend programme);

Term	Meaning
Reorganisation Event *(cont)*	4 any material transfer of value from CCEP to holders of CCEP Shares other than in the ordinary course (including a transfer by way of an extraordinary dividend or capital distribution) but, for the avoidance of doubt, excluding pursuant to a share buy-back on terms envisaged in resolutions 23 and 24 passed at the annual general meeting of CCEP held on 27 May 2020); 5 any consolidation affecting the number of Remaining Sale Shares on issue; or 6 any other action agreed between CCEP or TCCC (acting reasonably) (and, for the avoidance of doubt, any issuance of shares by CCEP or CCEP Sub pursuant to the Co-Operation and Sale Deed shall not be a Reorganisation Event).
Requisite Majorities	in relation to the Scheme Resolution, a resolution passed by: 1 unless the Court orders otherwise, a majority in number (more than 50%) of Independent Amatil Shareholders present and voting at the Scheme Meeting (either in person or by proxy, attorney or, in the case of corporate Independent Amatil Shareholders, body corporate representative); and 2 at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Independent Amatil Shareholders present and voting (either in person or by proxy, attorney or, in the case of corporate Independent Amatil Shareholders, body corporate representative).
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Amatil and the Scheme Shareholders, the form of which is attached as Annexure 2, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by CCEP and Amatil.
Scheme Announcement Date	4 November 2020, being the date of announcement of the Scheme to the ASX.
Scheme Booklet	this document being the explanatory statement in respect of the Scheme, which has been prepared by Amatil in accordance with section 412 of the Corporations Act.
Scheme Consideration	the consideration to be provided by CCEP Sub to each Scheme Shareholder for the transfer to CCEP Sub of each Scheme Share, being for each Amatil Share held by a Scheme Shareholder as at the Scheme Record Date, an amount of $13.50, less the cash amount[115] of the 2H 2020 Dividend of $0.18[116].
Scheme Implementation Deed or SID	the Scheme Implementation Deed dated 4 November 2020 between Amatil, CCEP and CCEP Sub, a copy of which was released to the ASX on 4 November 2020.
Scheme Meeting	the virtual meeting of Independent Amatil Shareholders ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

115 For this purpose, the cash amount of the dividend will be taken to be the cash amount as declared or determined to be paid by Amatil with no reduction or offset for any dividend withholding tax, any withholding on account of non-quotation of an ABN or TFN or any other withholding or reduction in the amount received by any Amatil Shareholder.

116 The Scheme Consideration will not be reduced by the cash amount of any 1H 2021 Dividend, which, if declared and paid by Amatil, will be in addition to the Scheme Consideration.

Term	Meaning
Scheme Meeting Online Guide	the guide to the online platform which has been released to the ASX and is also available at www.ccamatil.com.
Scheme Record Date	7.00pm (Sydney time) on 3 May 2021 or such other time an date as the parties agree in writing.
Scheme Resolution	the resolution to the terms of the Scheme, as set out in the Notice of Scheme Meeting in Annexure 4.
Scheme Shareholder	a holder of Amatil Shares recorded in the Amatil Share Register as at the Scheme Record Date (other than an Excluded Shareholder).
Scheme Shares	all Amatil Shares held by the Scheme Shareholders as at the Scheme Record Date, but for the avoidance of doubt does not include TCCC Amatil Shares.
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving the Scheme is heard, currently expected to be 20 April 2021, or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.
Second Court Hearing	the hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.
Second Tranche Cash Consideration	$10.75 per Amatil Share less the cash amount of the 2H 2020 Dividend.[117]
Second Tranche Consideration	at CCEP Sub's election: 1 the Second Tranche Cash Consideration; 2 the Second Tranche Scrip Consideration; or 3 a combination of Second Tranche Cash Consideration and Second Tranche Scrip Consideration in proportions elected by CCEP Sub.
Second Tranche Sale Shares	the number of Remaining Sale Shares that CCEP Group elects to purchase.
Second Tranche Scrip Consideration	0.19372 CCEP Shares for each Second Tranche Sale Share, with the ratio adjusted for the cash amount of the 2H 2020 Dividend[118].
Security Interest	has the meaning given in section 51A of the Corporations Act.
SRN	Shareholder Reference Number.
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.

117 The consideration will be reduced by any dividends determined or declared and paid to Amatil Shareholders on or before the Implementation Date other than any Post-30 June 2021 Dividend in line with historical payout ratios.

118 The consideration will be reduced by any dividends determined or declared and paid to Amatil Shareholders on or before the Implementation Date other than any Post-30 June 2021 Dividend in line with historical payout ratios.

Term	Meaning
Superior Proposal	a bona fide Competing Proposal, that the Amatil Related Party Committee, acting in good faith, and after receiving written legal advice from its external legal advisers, determines would, if completed substantially in accordance with its terms, be reasonably likely to be more favourable to Amatil Shareholders (as a whole) (other than Excluded Shareholders) than the Transaction, in each case taking into account all terms and conditions and other aspects of the Competing Proposal (including, but not limited to, any timing considerations, any conditions precedent, the value and type of consideration, the identity of the proponent and other matters affecting the probability of the Competing Proposal being completed) and of the Transaction and the CCEP/TCCC Transaction.
TCCC	The Coca-Cola Company (a corporation organised and existing under the laws of the state of Delaware, United States of America).
TCCC Amatil Shares	the 223,049,276 Amatil Shares in respect of which TCCC Holder is the registered holder (approximately 30.808% of the Amatil Shares on issue).
TCCC Entities	TCCC and TCCC Holder.
TCCC Group	TCCC and each of its Subsidiaries and Related Bodies Corporate, and a reference to a **TCCC Group Member** or a **member of TCCC Group** is to TCCC or any of its Subsidiaries or Related Bodies Corporate.
TCCC Holder	means: 1 as at the date of this Scheme Booklet, Coca-Cola Holdings (Overseas) Limited; or 2 following a transfer of some of the Amatil Shares that entity holds to one or more TCCC Group Members as permitted under the Co-Operation and Sale Deed, TCCC Group Members that hold those Amatil Shares (which will continue to include Coca-Cola Holdings (Overseas) Limited).
TCCC Nominee	1 any Affiliate of TCCC; 2 a depositary (including Computershare Trust Company N.A.) or a nominee of a depositary (including GTU Ops Inc.); or 3 a nominee of, or participant in, any clearing system (including The Depositary Trust Company, Cede & Co., Euroclear, Clearstream, Iberclear and CREST), provided, in the case of 2 and 3 above, the beneficial owner of the CCEP Shares to be issued to any such TCCC Nominee shall be TCCC or an Affiliate of TCCC.
TCCC Nominee Amatil Directors	the nominee directors of TCCC on the Amatil Board from time to time, who, as at the date of this Scheme Booklet, are Mr Jorge Garduño and Mr Krishnakumar Thirumalai, who are both directors and/or senior executives of TCCC Group.
Third Party	a person other than CCEP and TCCC, and their respective Related Bodies Corporate and other Associates.
Transaction	the proposed acquisition of the Scheme Shares by CCEP Sub through implementation of the Scheme in accordance with the terms of the Scheme Implementation Deed.
Transaction Implementation Committee	the committee established by CCEP and Amatil under clause 5.5 of the Scheme Implementation Deed.
VWAP	volume weighted average price.

11.2 Interpretation

In this Scheme Booklet, unless expressly stated or the context otherwise appears:

(a) words and phrases have the same meaning (if any) given to them in the Corporations Act;

(b) words importing a gender include any gender;

(c) words importing the singular include the plural and vice versa;

(d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;

(e) a reference to a section or annexure is a reference to a section of and an annexure to this Scheme Booklet as relevant;

(f) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;

(g) headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;

(h) a reference to time is a reference to time in Sydney, Australia;

(i) a reference to writing includes facsimile transmissions;

(j) a reference to dollars, $, A$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia;

(k) a reference to US$ and USD is a reference to the lawful currency of the United States of America; and

(l) a reference to € and EUR is a reference to the lawful currency of the European Union.

GRANT SAMUEL

12 March 2021

The Independent Directors
Coca-Cola Amatil Limited
Level 13, 40 Mount Street
North Sydney NSW 2060

Dear Independent Directors

CCEP Proposal

1 Introduction

The Scheme

On 4 November 2020, Coca-Cola Amatil Limited ("Amatil") announced that it had entered into a Scheme Implementation Deed with Coca-Cola European Partners plc ("CCEP") under which CCEP Australia Pty Ltd ("CCEP Australia"), a wholly owned subsidiary of CCEP, agreed to acquire all of the issued shares in Amatil held by shareholders other than The Coca-Cola Company ("TCCC") (the "Independent Shareholders") by way of a scheme of arrangement. The consideration under the scheme of arrangement was $12.75 per share, less the cash amount of the final dividend in respect of 2HY20[1] declared and paid to Amatil shareholders before implementation of the scheme of arrangement. Subsequent to entering into the Scheme Implementation Deed:

- on 15 February 2021, Amatil and CCEP announced that they had entered into an amendment to the Scheme Implementation Deed ("Scheme") that provides for an increase in the total cash amount to be received by the Independent Shareholders from $12.75 per share to $13.50 per share, less the cash amount of the final dividend in respect of 2HY20 declared and paid to Amatil shareholders before implementation of the Scheme[2] ("Scheme Consideration"); and
- on 18 February 2021, in conjunction with the announcement of its financial results for FY20[3], Amatil declared a fully franked final dividend of $0.18 per share, payable on 30 April 2021. Accordingly, the Scheme Consideration will comprise the fully franked dividend of $0.18 per share and a cash payment of $13.32 per share.

These announcements followed the receipt by Amatil of a non binding indicative proposal from CCEP on 26 October 2020 on the same terms as the initial Scheme Implementation Deed, subject to completion of confirmatory due diligence by CCEP.

The Scheme is subject to a number of conditions which are set out in full in the Scheme Booklet to be sent by Amatil to its Independent Shareholders ("Scheme Booklet"). Other elements of the Scheme include no-talk obligations, break fees and arrangements in relation to outstanding share rights.

Subject to an independent expert concluding (and continuing to conclude) that the Scheme is fair and reasonable to, and in the best interests of, Independent Shareholders and in the absence of a superior

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[1] 2HY20 is the six months ended 31 December 2020.

[2] If the Scheme is not implemented by 30 August 2021, Amatil may declare and pay an interim dividend in respect of the half year ending 30 June 2021 up to a maximum of 15 cents per Amatil share. The Scheme Consideration will not be reduced by any such dividend provided it is paid before the Scheme record date and is in line with historical payout ratios (i e. any such dividend will be in addition to the Scheme Consideration).

[3] FYXX is the financial year end 31 December 20XX (i.e. FY20 is the financial year ended 31 December 2020).

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proposal, Amatil's Independent Directors[4] have unanimously recommended that Independent Shareholders vote in favour of the Scheme and each Amatil Independent Director intends to vote (or procure the voting of) all Amatil shares held or controlled by them in favour of the Scheme.

The CCEP/TCCC Transaction

On 4 November 2020, CCEP entered into a Co-Operation and Sale Deed to acquire all the Amatil shares held by TCCC (the "CCEP/TCCC Transaction"). TCCC holds approximately 30.8% of the issued shares in Amatil. It is proposed that the Amatil shares held by TCCC will be acquired in two or more tranches. An initial tranche of approximately one third of its shareholding in Amatil (representing approximately 10.8% of the Amatil shares on issue) will be acquired for a total cash amount of $9.57 per share (less the cash amount of the 2HY20 dividend) on the implementation date for the Scheme. The second tranche of approximately two thirds of TCCC's shareholding (representing approximately 20% of the Amatil shares on issue) in Amatil will be acquired:

- if CCEP elects to purchase some or all of TCCC's remaining Amatil shares on the Scheme implementation date, for cash (at $10.75 per share, less the cash amount of the 2HY20 dividend), CCEP shares (based on a conversion ratio of 0.19372 CCEP shares for each Amatil share, with the ratio adjusted for the cash amount of the 2HY20 dividend) or a combination of cash and CCEP shares (at CCEP's election); or
- if CCEP does not elect to purchase all of TCCC's remaining Amatil shares on the Scheme implementation date, TCCC has a put option to require CCEP to acquire the remaining Amatil shares held by TCCC, exercisable for a period of three years beginning from the third anniversary of implementation of the Scheme. The put option can only be exercised in respect of all of the remaining Amatil shares held by TCCC and will be paid entirely in CCEP shares on the basis of 0.19372 CCEP shares for each Amatil share, with the ratio adjusted for the cash amount of the 2HY20 dividend. If TCCC does not exercise the put option by the end of the exercise period, the put option will lapse and TCCC will remain a shareholder in Amatil of up to approximately 20% of the Amatil shares on issue.

  CCEP had not made an election as to the number of second tranche shares it proposes to acquire on the Scheme implementation date. CCEP intends to elect that the consideration in respect of any second tranche shares which it elects to acquire on the Scheme implementation date will be in the form of cash rather than CCEP shares. CCEP has agreed with TCCC that the election as to the number of second tranche shares it will acquire will be made no later than 14 days prior to the date of the Scheme Meeting.

The CCEP/TCCC Transaction is separate from, but is conditional on, the Scheme becoming effective. CCEP will not acquire any Amatil shares held by TCCC unless the Scheme becomes effective. The Scheme and the CCEP/TCCC Transaction are collectively referred to as the "CCEP Proposal".

The Report

Amatil's Independent Directors have engaged Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report setting out whether, in its opinion, the Scheme is fair and reasonable to, and in the best interests of, Independent Shareholders. A copy of the report (including this letter) will accompany the Scheme Booklet to be sent to Independent Shareholders by Amatil. This letter contains a summary of Grant Samuel's opinion and main conclusions.

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[4] Amatil's Independent Directors are the members of Amatil's Related Party Committee (i.e. each of the independent non executive directors of Amatil excluding TCCC's nominee directors) and Amatil's Group Managing Director.

2 Opinion

Grant Samuel has concluded that the Scheme is fair and reasonable. Accordingly, it is Grant Samuel's opinion that the Scheme is in the best interests of the Independent Shareholders in the absence of a superior proposal.

3 Key Conclusions

- **The equity in Amatil has been valued in the range $9.2-10.2 billion, which corresponds to a value of $12.68-14.01 per share**

  The valuation is summarised below:

AMATIL – VALUATION SUMMARY ($ MILLIONS)

	FULL REPORT SECTION REFERENCE	VALUE RANGE	
		LOW	HIGH
Australia	6.5	7,000 0	7,600.0
Pacific	6.6	2,199 2	2,436.4
Indonesia and Papua New Guinea	6.7	2,212.6	2,450.1
Group office costs (net of savings)	6 8	(335 0)	(395.0)
Business operations – 100% basis		**11,076.8**	**12,091.5**
Non controlling interests	6.6, 6.7	(472 0)	(528.8)
Business operations – Amatil interest		**10,604.8**	**11,562.7**
Other assets and liabilities	5 3	(109 8)	(100.0)
Enterprise value		**10,495.0**	**11,462.7**
Adjusted net debt	5.4	(1,269 9)	(1,269.9)
Value of equity		**9,225.1**	**10,192.8**
Fully diluted shares on issue (millions)[5]		727 5	727.5
Value per share		**$12.68**	**$14.01**

The valuation represents the estimated full underlying value of Amatil assuming 100% of the company was available to be acquired and includes a premium for control. The value is on a cum dividend basis (i.e. before payment of the final dividend of $0.18 per share).

Each of Amatil's business operations has been valued in its local currency. The valuation summary for each region shown in the full report has been presented in the currency of the dominant business operation and the valuations of the Pacific region and Indonesia and Papua New Guinea region shown in the table above have been converted to A$. The exchange rates adopted in all cases represent the closing exchange rates on 31 December 2020.

As Amatil does not own 100% of all of its business operations, it is necessary to deduct the non controlling interests from the valuation of 100% of the relevant business operation so that the valuation of Amatil's business operations represents 100% of Amatil's business operations in Australia, New Zealand, Papua New Guinea and its Fiji non alcoholic ready to drink ("NARTD") beverages businesses, 70.6% of PT Coca-Cola Bottling Indonesia and 89.6% of Paradise Beverages (Fiji) Limited ("Paradise Beverages")[6].

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[5] Fully diluted shares on issue includes 3,484,833 share rights that have not yet vested and are subject to meeting certain performance hurdles and time periods. The Amatil Board has exercised its discretion to enable all share rights to be converted to Amatil shares (and participate in the Scheme) or be settled in cash. The valuation has been prepared on the basis that all share rights are converted to Amatil shares.

[6] No specific allowance has been made for the 6.1% non controlling interest in Samoa Breweries Limited given its minimal contribution to earnings (a small operational loss in FY19) and net debt, which are immaterial in the context of the overall valuation of Amatil.

The value attributed to the business operations (Amatil interest) of $10.6-11.6 billion is an overall judgement having regard to a number of valuation methodologies and parameters, including capitalisation of earnings or cash flows (multiples of EBITDA[7] and EBIT[8]) and discounted cash flow ("DCF") analysis.

Grant Samuel has placed equal emphasis on earnings multiples and DCF analysis in forming its views on value. Both methodologies have limitations:

- DCF analysis is not designed to take into account factors that don't directly impact growth in cash flows, but do go to value, in particular the impact of Amatil primarily being a TCCC franchisee (rather than an owner of brands) and, on the other hand, the advantages of being part of the Coca-Cola system. However, Grant Samuel's analysis has included benchmarking value relative to earnings multiples from acquisitions of other Coca-Cola bottlers as well as other beverage manufacturers. Those transactions reflected these factors (i.e. limited strategic control and the benefits of TCCC affiliation for Coca-Cola bottlers and the absence of these factors for some of the others);
- the results of the DCF analysis for Amatil's business operations need to be treated with caution given the wide array of credible assumptions that can be adopted (in particular, in relation to the timing and the extent of the expected recovery from the COVID-19 pandemic) and the very broad range of net present values that can be calculated;
- the COVID-19 pandemic has had a severe impact on FY20 earnings and is expected to also impact FY21 earnings. As a result, greater emphasis has generally been placed on historical FY19 earnings multiples although Grant Samuel has also considered forecast FY22 multiples (which reflect a full volume recovery in most regions and a significant contribution from Amatil's cost savings initiatives);
- for developed markets, there is a limited set of comparable transactions for Coca-Cola bottlers, only one of which occurred in the last five years; and
- the sharp reduction in interest rates, particularly over the past two years, and the expectation of "lower for longer" interest rates could suggest that multiples in the current environment should be higher than they have been historically. On the other hand, the extremely low interest rates also signify expectations of low growth (and low inflation).

Notwithstanding the limitations, these methodologies are still useful and the valuation ranges for each of Amatil's business operations are supported by both the earnings multiple analysis and the DCF analysis.

The valuation allows for:

- the value of group office costs, net of savings that could be achieved by any acquirer of Amatil (see Section 6.8 of the full report for details);
- other assets and liabilities, which are primarily Amatil X investments, Amatil's right to coal mining royalties, the marked to market value of operating and investment related derivatives and the net defined benefit superannuation plan liability (after tax and non controlling interests) (see Section 5.3 of the full report for details); and
- adjustments to net debt to allow for seasonality and non controlling interests in subsidiary cash and intercompany loans (see Section 5.4 of the full report for details).

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[7] EBITDA is operating earnings before net finance costs, tax, depreciation and amortisation, investment income and non trading items.

[8] EBIT is operating earnings before net finance costs, tax, investment income and non trading items.

- **The multiples implied by the overall valuation of Amatil are reasonable relative to the market evidence**

  The earnings multiples implied by the valuation of Amatil's business operations (on a 100% basis) are summarised below:

AMATIL'S BUSINESS OPERATIONS – IMPLIED VALUATION PARAMETERS

	VARIABLE ($ MILLIONS)	RANGE OF PARAMETERS	
		LOW	HIGH
Value of business operations – 100% basis		**11,076.8**	**12,091.5**
Multiple of EBITDA			
FY19 (adjusted actual)	935.8	11.8x	12.9x
FY20 (adjusted actual)	824.3	13.4x	14.7x
FY21 (adjusted median broker forecast)[9]	897.4	12.3x	13.5x
FY22 (adjusted median broker forecast)[9]	973 5	11.4x	12.4x
Multiple of EBIT			
FY19 (adjusted actual)	656.6	16.9x	18.4x
FY20 (adjusted actual)	559.2	19.8x	21.6x
FY21 (adjusted median broker forecast)[9]	623.6	17.8x	19.4x
FY22 (adjusted median broker forecast)[9]	697 3	15.9x	17.3x

The implied multiples are blended multiples for Amatil's business operations in Australia, the Pacific and Indonesia and Papua New Guinea and reflect the relative size of each of Amatil's business operations. Amatil's Australian business represents around 65-70% of earnings and the total exposure to developed markets (i.e. including New Zealand) is in the range 80-90% of earnings. As a result, the implied multiples primarily represent the valuation of Amatil's operations in developed markets, which warrant lower multiples than its business operations in high growth developing markets, particularly Indonesia.

The implied multiples are relatively high. However, Australia and New Zealand have been two of the best performing economies globally in terms of their response to the COVID-19 pandemic and their economic outlook is relatively positive (in terms of gross domestic product growth, unemployment and consumer sentiment), certainly compared to the rest of the developed world.

The multiples also reflect the particular attributes of Amatil's business operations, including factors such as:

- its scale as one of Asia Pacific's largest bottlers and distributors of alcoholic and NARTD beverages, which provides access to a distribution network and the ability to invest in infrastructure and technology that enhance its route-to-market and provide competitive advantages (such as branded fridges and vending machines);
- Amatil's market position and brand strength in each region. It has the leading share of the NARTD beverages market in Australia and New Zealand and dominates its key sparkling beverages category in Australia, New Zealand and Indonesia. It has a strong brand portfolio, albeit there is a lack of ownership of key brands that contribute the majority of earnings (approximately 75% of Amatil's earnings are derived from TCCC branded products);
- the exclusive bottler arrangements with TCCC in each region, which provide competitive benefits to Amatil in terms of marketing capability and product innovation (but also reliance on TCCC as the supplier of concentrate and marketing execution);

[9] Amatil has not included the FY21 Budget or FY22 Forecast in the Scheme Booklet. To provide an indication of Amatil's expected financial performance, Grant Samuel has considered broker forecasts (see Appendix 1 to the full report). Adjustments to historical and forecast earnings are explained in Section 6.2.2 of the full report.

- the diversification of the brand portfolio across non carbonated beverages (particularly in the high growth categories of bottled water and energy drinks) and alcohol/coffee, through either owned brands or arrangements with other third parties;
- a track record of performance in key markets. Amatil's New Zealand business is one of the best performing bottlers in the Coca-Cola system globally and there has been a recent turnaround in the performance of Amatil's Australian business (prior to the COVID-19 pandemic) after a period of disruption caused by competitive pressures and the introduction of container deposit schemes. The introduction of *Coca-Cola No Sugar* has been very successful in improving volumes in the core sparkling category;
- the short term outlook for growth in earnings:
  - the New Zealand business is targeting at least 5% EBIT growth and the performance of the Australian business is improving relatively quickly. These developed markets are expected to return to pre COVID-19 pandemic volumes once restrictions are eased and customers return to restaurants, pubs and cafes (boosting the higher margin on-the-go channels), although the risk of an outbreak (and reinstatement of interstate barriers) is ever present;
  - through the opportunities for growth in alcohol, coffee and flavoured mineral waters;
  - through the ongoing impact of cost savings (e.g. the Fighting Fit cost efficiencies program); and
  - in developing markets, where most of Amatil's business operations (particularly Indonesia and Fiji) continue to face challenging trading conditions but conditions are improving (albeit not expected to be back at FY19 levels until the mid 2020s); and
- the medium to long term volume and price growth outlook for Amatil's business operations:
  - as developing markets, in particular Indonesia (which is Amatil's key growth market given its size, attractive fundamentals in terms of a growing middle class and low sparkling beverage penetration) recover from the COVID-19 pandemic, their higher growth trajectories should return (although there are competition, customer affordability and currency risks); and
  - in developed markets, where Amatil has a strong platform that has the potential to maximise the opportunities that will arise from continued economic robustness and population growth.

In considering value, Grant Samuel has largely ignored FY20 and FY21 as both of these years are heavily impacted by the COVID-19 pandemic, particularly FY20, and are therefore not representative of Amatil's underlying performance. Accordingly, the focus has been on FY19 and FY22 multiples (notwithstanding the uncertainties attached to the FY22 forecasts). FY19 is "untainted" by the COVID-19 pandemic and FY22 forecasts appear to generally assume a full recovery.

In Grant Samuel's opinion, the multiples of around 11.5-13 times EBITDA and 16-18 times EBIT are reasonable relative to the market evidence. Amatil is a very strong business with some excellent attributes but:

- despite some market commentary, the evidence is that transactions involving Coca-Cola bottlers in developed markets generally occur at around 8-9 times historical EBITDA on a post synergies basis (Grant Samuel has recognised synergies in the value attributed to group office costs). Amatil predominantly operates in developed markets; and
- its performance over the past decade has been patchy (with periods of progress interrupted by adverse events or issues) and its medium to long term prospects are for modest levels of sustainable growth. Management is targeting mid single digits (i.e. 5%) EBIT growth and that is in an environment where:
  - competition is intense and gains will be "hard won";

- the critical grocery channel faces constant price pressures and represents a greater proportion of volumes post the COVID-19 pandemic. It is unclear whether changes in consumer behaviour will be temporary (and consumers eventually revert to their pre-COVID-19 pandemic behaviour) or if there will be a permanent change in consumer behaviour;
- the core sparkling beverages category has, until very recently, been in long term structural decline and there are significant challenges in achieving consistent volume growth going forward;
- history indicates it is difficult to retain the benefits of cost savings (e.g. they are often reinvested into price or other initiatives); and
- there are questions about the ability to realise the expectations for the Indonesian business; and

- Amatil does not own its key brands or control the key strategic decisions relating to its own business.

- **The multiples implied by the valuation of Amatil's business operations in each region reflect the specific attributes of each business**

  The earnings multiples implied by the valuation of Amatil's business operations in each region (on a 100% basis) are summarised below:

AMATIL'S BUSINESS OPERATIONS BY REGION – IMPLIED VALUATION PARAMETERS

	IMPLIED MULTIPLES	
	EBITDA	EBIT
Australia		
FY19 (adjusted actual)	11.7-12.7x	15.4-16.7x
FY22 (adjusted median broker forecast)[9]	10.9-11 8x	14 0-15.2x
Pacific		
FY19 (adjusted actual)	12 5-13 9x	16.1-17.8x
FY22 (adjusted median broker forecast)[9]	10.9-12 0x	14.6-16.1x
Indonesia and Papua New Guinea		
FY19 (adjusted actual)	11.7-12 9x	23.1-25.6x
FY22 (adjusted median broker forecast)[9]	12.8-14 2x	21 9-24.2x

  The multiples for the Pacific region are at a slight premium to Australia reflecting the consistently strong performance of Amatil's New Zealand business (which represents around 85% of the Pacific region's EBIT).

  The higher multiples for Indonesia and Papua New Guinea (particularly the EBIT multiples and the forecast EBITDA multiples) largely reflect the depressed earnings in the short to medium term due to the impact of the COVID-19 pandemic and the high long term growth potential in both Indonesia and, to a lesser extent, Papua New Guinea.

- **The DCF analysis for Amatil's business operations in each region generates net present values that support the value range of $11-12 billion for Amatil's business operations (on a 100% basis)**

  Simplified, high level financial models have been developed for each of Amatil's six business operations (Australia, New Zealand, Fiji NARTD beverages, Paradise Beverages, Indonesia and Papua New Guinea). The DCF models use the FY21 Budget[10] as their starting point. Grant Samuel has

[10] The budget for the year ending 31 December 2021 prepared by Amatil management.

considered a number of scenarios with reference to the 5 Year Corporate Plan[11] and following discussions with Amatil's management.

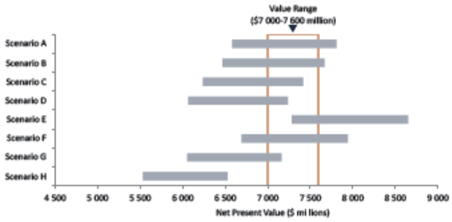
The DCF analysis for each of the business operations:

- allows the key drivers of revenue and earnings (i.e. volume and price growth and EBITDA margins) to be modelled;
- projects nominal after tax cash flows from 1 January 2021 to 31 December 2030, with terminal values calculated to represent the value of cash flows in perpetuity (assuming terminal growth rates of 2% for Australia and New Zealand, 3% for Fiji and Paradise Beverages, 4.5% for Indonesia and 5% for Papua New Guinea);
- applies discount rates of 7.5-8.5% for Australia and New Zealand, 10-11% for Fiji, 11-12% for Indonesia and 14-15% for Papua New Guinea; and
- considers a number of different scenarios (see Sections 6.5, 6.6 and 6.7 of the full report for a description of the assumptions underlying each of the scenarios).

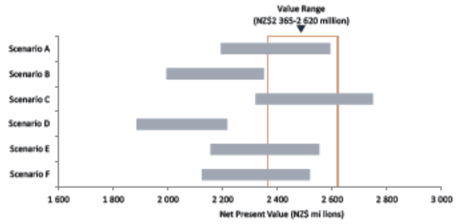
The net present value ("NPV") outcomes are depicted diagrammatically below:

BUSINESS OPERATIONS – NPV OUTCOMES (100% BASIS)

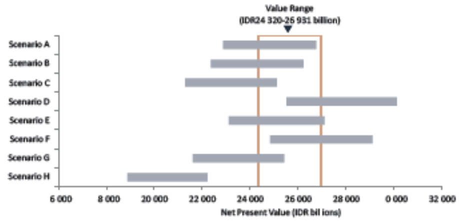
AUSTRALIA



PACIFIC



INDONESIA AND PAPUA NEW GUINEA



NPV outcomes from DCF analysis are subject to significant limitations and should always be treated with considerable caution. The range of NPVs produced by the scenarios is wider than the value ranges Grant Samuel has placed on each of Amatil's business operations. Grant Samuel has considered the outcome of all of the scenarios in determining its value ranges for each of Amatil's business operations and believes that the values produced by the DCF analysis support a range of values of $7.0-7.6 billion for Australia, NZ$2.4-2.6 billion ($2.2-2.4 billion) for the Pacific region[12] and IDR24,320-26,931 billion ($2.2-2.5 billion) for Indonesia and Papua New Guinea[12].

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[11] The five year corporate business plan for the period ending 31 December 2025.

[12] On a 100% basis, before taking into account non controlling interests.

- **The Scheme is fair and reasonable. Accordingly, the Scheme is in the best interests of Independent Shareholders, in the absence of a superior proposal**

  Grant Samuel has estimated the full underlying value of equity in Amatil, including a premium for control, to be in the range $9.2-10.2 billion, which corresponds to $12.68-14.01 per share[13]. The aggregate Scheme Consideration to be received by Independent Shareholders of $13.50 per share[14] falls within the value range of $12.68-14.01 per share. In fact, the aggregate Scheme Consideration falls in the upper half of the value range. Accordingly, the Scheme is fair.

  Valuation of any business is a forward looking construct and is subject to uncertainty even in the most benign economic circumstances. The emergence and likely aftermath of the COVID-19 pandemic has introduced a significantly higher level of uncertainty. Amatil's earnings in FY20 have fallen sharply particularly in the on-the-go channel as a result of the closure of venues (pubs, clubs, restaurants, cafes), cancellation of events and the virtual shut down of tourism. The path to full recovery is unclear both as to timing and extent. In these circumstances, it is unrealistic to be precise or definitive about value at the current point in time. Accordingly, the value range is wider than it might otherwise be.

  As the Scheme is fair, it is also reasonable and is therefore in the best interests of shareholders in the absence of a superior proposal.

- **There are other factors that support the reasonableness of the Scheme**

  Independent Shareholders should also consider the following factors in determining whether to vote for or against the Scheme:

  - the aggregate Scheme Consideration of $13.50 per share represents a premium of around 26-36% relative to the prices at which Amatil shares traded in the month prior to announcement of the receipt by Amatil of a non binding indicative proposal from CCEP on 26 October 2020[15]. The premium is higher (circa 46-50%) when compared to prices over longer periods:

    CONSIDERATION – PREMIUM OVER PRE ANNOUNCEMENT PRICES

PERIOD	AMATIL PRICE/VWAP[16]	PREMIUM
Closing price on 22 October 2020	$10.75	25.6%
1 week prior to 22 October 2020 – VWAP	$10 35	30.4%
1 month prior to 22 October 2020 – VWAP	$9.96	35.5%
3 months prior to 22 October 2020 - VWAP	$9.22	46.5%
6 months prior to 22 October 2020 - VWAP	$8.98	50.3%

    These premiums are consistent with the level of premiums typically associated with takeovers in Australia (20-35%), taking into account that the three and six month VWAPs would reflect Amatil share prices that were more impacted by the COVID-19 pandemic and despite the arguments supporting a lower control premium (i.e. Amatil does not have unfettered control over its core business and there are limited opportunities for synergies);

  - in the absence of the Scheme or a similar transaction, it is likely that, under current market conditions, Amatil shares would trade at prices well below $13.50. A share price of $13.50 would imply multiples well above the levels at which Amatil shares have generally traded over the past five years;

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13 On a cum dividend basis (i e. prior to the $0.18 per share final dividend to be paid by Amatil).

14 Comprising the dividend of $0.18 per share together with the cash consideration of $13.32 per share.

15 Trading in Amatil shares was temporarily paused prior to the market opening on 23 October 2020 and Amatil subsequently went into a trading halt. Consequently, the closing pre announcement share price was the closing price on 22 October 2020.

16 VWAP is the volume weighted average price.

- it is conceivable that a third party could make a higher offer for Amatil. However, in Grant Samuel's opinion that is unlikely:
  - TCCC's 30.8% shareholding in Amatil together with the nature of the bottlers' agreements is an impediment to any hostile proposal. It means that an acquirer is highly unlikely to succeed without TCCC's "blessing". This impediment was clearly demonstrated in 2008/09 when Lion Nathan (supported by its major shareholder, Kirin) attempted to acquire Amatil. The proposal required the support of TCCC, but this was ultimately not obtained, and the proposal was terminated; and
  - TCCC has reached an accommodation with CCEP in relation to its proposal. CCEP is regarded as one of the most successful bottlers within the Coca Cola global bottler network and is likely to be perceived by TCCC as the best party to drive volume and market share (which are key concerns for TCCC).

  It is highly unlikely that any non Coca-Cola bottler (or non beverage business) could offer the same perceived operational benefits to TCCC. The meeting at which Amatil shareholders will vote on the Scheme is scheduled for 16 April 2021. This should be ample time for an alternative offeror to come forward. If this does not occur, it would be imprudent for shareholders to vote against the Scheme in anticipation of a higher offer from a third party; and
- the aggregate Scheme Consideration of $13.50 per share is materially higher than previous proposals made by CCEP, which have been non binding and confidential. CCEP approached Amatil in early 2019 with an offer of less than $10 per share, which was rejected by Amatil. Discussions continued until August 2019. CCEP contacted Amatil again in September 2020 and negotiated the initial cash consideration of $12.75 per share. Following announcement of the increase in the aggregate Scheme Consideration to $13.50 per share, CCEP has stated that this is its "best and final" offer. Accordingly, there is no prospect of a higher offer from CCEP.

▪ **The net effect of the CCEP/TCCC Transaction is that CCEP may acquire the whole of Amatil at a lower value than the value implied by the aggregate Scheme Consideration of $13.50 per share to be paid to the Independent Shareholders**

CCEP has reached a separate agreement to acquire TCCC's 30.8% shareholding in Amatil. The terms are currently far less favourable than those applying to the Independent Shareholders. For the consideration to become equivalent to the $13.50 aggregate Scheme Consideration, TCCC would need to take the maximum amount of its consideration as CCEP shares and CCEP shares would need to be trading at US$61.98 (assuming an exchange rate of US$1 = A$0.77) compared to the current share price of US$52.89[17].

Grant Samuel understands there are no other arrangements or "side deals" between CCEP and TCCC in relation to the interest in Amatil.

The rationale for TCCC accepting these terms has not been disclosed but it is not unreasonable to assume that it reflected a TCCC belief that CCEP will improve the operating performance of Amatil and/or it facilitated CCEP being able to make a higher offer than otherwise to the Independent Shareholders.

It could be argued that the analysis of the CCEP Proposal for the Independent Shareholders should be based on the effective cost to CCEP rather than the $13.50 aggregate Scheme Consideration, but Grant Samuel does not believe this basis to be appropriate. It does not represent the value being offered to the Independent Shareholders.

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[17] CCEP share price and exchange rate at 5 March 2021.

GRANT SAMUEL

4 Other Matters

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual Independent Shareholders. Accordingly, before acting in relation to their investment, Independent Shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation and needs. Independent Shareholders should read the Scheme Booklet issued by Amatil in relation to the Scheme.

Grant Samuel has not been engaged to provide a recommendation to shareholders in relation to the Scheme, the responsibility for which lies with Amatil's Independent Directors. In any event, the decision to vote for or against the Scheme is a matter for individual Independent Shareholders, based on their own views as to value and business strategy, their expectations about future economic and market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Independent Shareholders who are in doubt as to the action they should take in relation to the Scheme should consult their own professional adviser.

Grant Samuel has prepared a Financial Services Guide as required by the *Corporations Act, 2001 (Cth)*. The Financial Services Guide is included at the beginning of the full report.

This letter is a summary of Grant Samuel's opinion. The full report from which this summary has been extracted is attached and should be read in conjunction with this summary.

The opinion is made as at the date of this letter and reflects circumstances and conditions as at that date.

Yours faithfully
GRANT SAMUEL & ASSOCIATES PTY LIMITED

Grant Samuel & Associates

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FINANCIAL SERVICES GUIDE
AND
INDEPENDENT EXPERT'S REPORT
IN RELATION TO THE ACQUISITION PROPOSAL
FROM COCA-COLA EUROPEAN PARTNERS PLC

GRANT SAMUEL & ASSOCIATES PTY LIMITED
ABN 28 050 036 372

12 MARCH 2021

GRANT SAMUEL

FINANCIAL SERVICES GUIDE

Grant Samuel & Associates Pty Limited ("Grant Samuel") holds Australian Financial Services Licence No. 240985 authorising it to provide financial product advice on securities and interests in managed investments schemes to wholesale and retail clients.

The Corporations Act, 2001 (Cth) ("Corporations Act") requires Grant Samuel to provide this Financial Services Guide ("FSG") in connection with its provision of an independent expert's report ("Report") which is included in a document ("Disclosure Document") provided to members by the company or other entity ("Entity") for which Grant Samuel prepares the Report.

Grant Samuel does not accept instructions from retail clients. Grant Samuel provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Samuel does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

When providing Reports, Grant Samuel's client is the Entity to which it provides the Report. Grant Samuel receives its remuneration from the Entity. In respect of the Report for Coca-Cola Amatil Limited in relation to the acquisition proposal from Coca-Cola European Partners plc ("the Amatil Report"), Grant Samuel will receive a fixed fee of $1.15 million plus reimbursement of out-of-pocket expenses for the preparation of the Report (as stated in Section 8.3 of the Amatil Report).

No related body corporate of Grant Samuel, or any of the directors or employees of Grant Samuel or of any of those related bodies or any associate receives any remuneration or other benefit directly attributable to the preparation and provision of the Amatil Report.

Grant Samuel is required to be independent of the Entity to provide a Report. The guidelines for independence in the preparation of Reports are set out in Regulatory Guide 112 issued by the Australian Securities & Investments Commission on 30 March 2011. The following information in relation to the independence of Grant Samuel is stated in Section 8.3 of the Amatil Report:

> ***"Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any business or professional relationship with Amatil, CCEP or TCCC, or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Scheme.***
>
> ***Grant Samuel had no part in the formulation of the CCEP Proposal. Its only role has been the preparation of this report.***
>
> ***Grant Samuel will receive a fixed fee of $1.15 million for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the Scheme. Grant Samuel's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Samuel will receive no other benefit for the preparation of this report.***
>
> ***Grant Samuel considers itself to be independent in terms of Regulatory Guide 112 issued by the ASIC on 30 March 2011."***

Grant Samuel has internal complaints-handling mechanisms and is a member of the Australian Financial Complaints Authority, No. 11929. If you have any concerns regarding the Amatil Report, please contact the Compliance Officer in writing at Level 19, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000. If you are not satisfied with how we respond, you may contact the Australian Financial Complaints Authority at GPO Box 3 Melbourne VIC 3001 or 1800 931 678. This service is provided free of charge.

Grant Samuel holds professional indemnity insurance which satisfies the compensation requirements of the Corporations Act.

Grant Samuel is only responsible for the Amatil Report and this FSG. Complaints or questions about the Disclosure Document should not be directed to Grant Samuel which is not responsible for that document. Grant Samuel will not respond in any way that might involve any provision of financial product advice to any retail investor.

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1 Details of the CCEP Proposal

The Scheme

On 4 November 2020, Coca-Cola Amatil Limited ("Amatil") announced that it had entered into a Scheme Implementation Deed with Coca-Cola European Partners plc ("CCEP") under which CCEP Australia Pty Ltd ("CCEP Australia"), a wholly owned subsidiary of CCEP[1], agreed to acquire all of the issued shares in Amatil held by shareholders other than The Coca-Cola Company ("TCCC")[2] (the "Independent Shareholders") by way of a scheme of arrangement. The consideration under the scheme of arrangement was $12.75 per share, less the cash amount of the final dividend in respect of 2HY20[3] declared and paid to Amatil shareholders before implementation of the scheme of arrangement. Subsequent to entering into the Scheme Implementation Deed:

- on 15 February 2021, Amatil and CCEP announced that they had entered into an amendment to the Scheme Implementation Deed ("Scheme") that provides for an increase in the total cash amount to be received by the Independent Shareholders from $12.75 per share to $13.50 per share, less the cash amount of the final dividend in respect of 2HY20 declared and paid to Amatil shareholders before implementation of the Scheme[4] ("Scheme Consideration"); and
- on 18 February 2021, in conjunction with the announcement of its financial results for FY20[5], Amatil declared a fully franked final dividend of $0.18 per share, payable on 30 April 2021. Accordingly, the Scheme Consideration will comprise the fully franked dividend of $0.18 per share and a cash payment of $13.32 per share.

These announcements followed the receipt by Amatil of a non binding indicative proposal from CCEP on 26 October 2020 on the same terms as the initial Scheme Implementation Deed, subject to completion of confirmatory due diligence by CCEP.

TCCC manufactures, markets and sells beverage concentrates, syrups, and finished beverages, including sparkling soft drinks, water, sports drinks, juice, dairy, plant-based drinks, tea and coffee. Its branded beverage products are available in more than 200 countries through a network of independent or partly owned bottling partners (such as Amatil and CCEP) and TCCC owned or controlled bottling and distribution operations that produce, package, merchandise and distribute the finished branded beverages to customers. In 2020, TCCC generated revenue of US$33.0 billion and EBIT[6] of US$9.0 billion. TCCC is listed on the New York Stock Exchange and has a market capitalisation of around US$219 billion ($285 billion).

CCEP is a strategic bottling partner to TCCC in Western Europe. It operates in 13 countries through one million outlets and employs over 23,300 people. In 2020, CCEP generated revenue of €10.6 billion and EBIT of €1.2 billion. CCEP is listed on the stock exchanges of Amsterdam, New York, Madrid and London and has a market capitalisation of around €19.5 billion ($31 billion).

The Scheme is subject to a number of conditions which are set out in full in the Scheme Booklet to be sent by Amatil to its Independent Shareholders ("Scheme Booklet") including approval under the *Foreign*

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1 In this report, a reference to CCEP includes CCEP and each of its subsidiaries, as the context requires.

2 In this report, a reference to TCCC includes TCCC and each of its subsidiaries and related bodies corporate, as the context requires.

3 2HY20 is the six months ended 31 December 2020.

4 If the Scheme is not implemented by 30 August 2021, Amatil may declare and pay an interim dividend in respect of the half year ending 30 June 2021 up to a maximum of 15 cents per Amatil share. The Scheme Consideration will not be reduced by any such dividend provided it is paid before the Scheme record date and is in line with historical payout ratios (i e. any such dividend will be in addition to the Scheme Consideration).

5 FYXX is the financial year end 31 December 20XX (i.e. FY20 is the financial year ended 31 December 2020).

6 EBIT is earnings before net interest, tax, share of profit from equity accounted associates and non trading items.

Acquisitions and Takeovers Act, 1975 (Cth)[7] and the *Overseas Investment Act 2005 (NZ)*, and approval by Amatil's Independent Shareholders under Section 411 of the *Corporations Act, 2001 (Cth)* ("Corporations Act") ("Section 411"). Other elements of the Scheme include the following:

- Amatil has agreed to a no-talk obligation that will apply from 4 November 2020 to the earlier of termination of the Scheme Implementation Deed, the date on which the Scheme becomes effective or 30 September 2021. The no-talk obligation is subject to a carve out in respect of the fiduciary and statutory duties of the independent non executive Amatil directors;
- a break fee of $46.4 million is payable by Amatil to CCEP in certain circumstances; and
- Amatil must ensure that all rights to Amatil shares issued under Amatil's employee incentive arrangements which are not Amatil shares have either lapsed or vested and converted into Amatil shares so that there are no outstanding rights which are not Amatil shares on issue on the Scheme record date[8].

Subject to an independent expert concluding (and continuing to conclude) that the Scheme is fair and reasonable to, and in the best interests of, Independent Shareholders and in the absence of a superior proposal, Amatil's Independent Directors[9] (excluding TCCC's nominee directors) have unanimously recommended that Independent Shareholders vote in favour of the Scheme and each Amatil Independent Director intends to vote (or procure the voting of) all Amatil shares held or controlled by them in favour of the Scheme.

The CCEP/TCCC Transaction

On 4 November 2020, CCEP entered into a Co-Operation and Sale Deed to acquire all the Amatil shares held by TCCC (the "CCEP/TCCC Transaction"). TCCC holds approximately 30.8% of the issued shares in Amatil. It is proposed that the Amatil shares held by TCCC will be acquired in two or more tranches. An initial tranche of approximately one third of its shareholding in Amatil (representing approximately 10.8% of the Amatil shares on issue) will be acquired for a total cash amount of $9.57 per share (less the cash amount of the 2HY20 dividend) on the implementation date for the Scheme. The second tranche of approximately two thirds of TCCC's shareholding (representing approximately 20% of the Amatil shares on issue) in Amatil will be acquired:

- if CCEP elects to purchase some or all of TCCC's remaining Amatil shares on the Scheme implementation date, for cash (at $10.75 per share, less the cash amount of the 2HY20 dividend), CCEP shares (based on a conversion ratio of 0.19372 CCEP shares for each Amatil share, with the ratio adjusted for the cash amount of the 2HY20 dividend) or a combination of cash and CCEP shares (at CCEP's election); or
- if CCEP does not elect to purchase all of TCCC's remaining Amatil shares on the Scheme implementation date, TCCC has a put option to require CCEP to acquire the remaining Amatil shares held by TCCC, exercisable for a period of three years beginning from the third anniversary of implementation of the Scheme. The put option can only be exercised in respect of all of the remaining Amatil shares held by TCCC and will be paid entirely in CCEP shares on the basis of 0.19372 CCEP shares for each Amatil share, with the ratio adjusted for the cash amount of the 2HY20 dividend. If TCCC does not exercise the put option by the end of the exercise period, the put option will lapse and TCCC will remain a shareholder in Amatil of up to approximately 20% of the Amatil shares on issue.

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7 On 29 January 2021, the Foreign Investment Review Board of the Australian Government determined that the Commonwealth has no objection to a wholly owned subsidiary of CCEP acquiring up to a 100% interest in Amatil.

8 The Scheme record date is 7.00pm on the fifth business day after the date on which the Scheme becomes effective.

9 Amatil's Independent Directors are the members of Amatil's Related Party Committee (i.e. each of the independent non executive directors of Amatil excluding TCCC's nominee directors) and Amatil's Group Managing Director.

At the date of the Scheme Booklet, CCEP had not made an election as to the number of second tranche shares it proposes to acquire on the Scheme implementation date. CCEP intends to elect that the consideration in respect of any second tranche shares which it elects to acquire on the Scheme implementation date will be in the form of cash rather than CCEP shares. CCEP has agreed with TCCC that the election as to the number of second tranche shares it will acquire will be made no later than 14 days prior to the date of the Scheme Meeting.

As an Amatil shareholder, TCCC is entitled to the 2HY20 dividend (albeit, as with the Independent Shareholders, the cash consideration it receives will be reduced by the cash amount of the 2HY20 dividend) and any subsequent dividends paid by Amatil on or before the Scheme record date[10].

CCEP has warranted to Amatil that:

- it has not entered into any other agreements, arrangements or understandings in relation to Amatil securities with TCCC related to the Scheme; and
- the value of the consideration to be paid by CCEP to TCCC in relation to the acquisition by CCEP of any Amatil shares held by TCCC based on the CCEP share price at 26 October 2020 will not be greater than $12.75 per share.

  However, if CCEP does not acquire all of the second tranche shares on the Scheme implementation date and the put option is subsequently exercised by TCCC, the value of the consideration that TCCC will receive for those Amatil shares will depend on the CCEP share price at the time and may exceed one or both of $12.75 and the aggregate Scheme Consideration of $13.50 received by the Independent Shareholders.

The CCEP/TCCC Transaction is separate from, but is conditional on, the Scheme becoming effective. CCEP will not acquire any Amatil shares held by TCCC unless the Scheme becomes effective. The Scheme and the CCEP/TCCC Transaction are collectively referred to as the “CCEP Proposal”.

[10] If the Amatil Board declares and pays a dividend in respect of the half year ending 30 June 2021, the cash amount of any such dividend will not reduce the consideration paid to TCCC under the Co-Operation and Sale Deed.

2 Scope of the Report

2.1 Purpose of the Report

The CCEP Proposal is to be implemented by way of the Scheme and the CCEP/TCCC Transaction.

Under Section 411 the Scheme must be approved by a majority in number (i.e. more than 50%) of each class of shareholders present and voting (either in person or by proxy) at the meeting, representing at least 75% of the votes cast on the resolution. If approved by the Independent Shareholders, the Scheme will then be subject to approval by the Supreme Court of New South Wales.

Part 3 of Schedule 8 to the Corporations Regulations prescribes the information to be sent to shareholders in relation to schemes of arrangement pursuant to Section 411. Part 3 of Schedule 8 requires an independent expert's report in relation to a scheme of arrangement to be prepared when a party to a scheme of arrangement has a prescribed shareholding in the company subject to the scheme, or where any of its directors are also directors of the company subject to the scheme. In those circumstances, the independent expert's report must state whether the scheme of arrangement is in the best interests of shareholders subject to the scheme and must state reasons for that opinion.

As a result of entering into the Co-Operation and Sale Deed with TCCC, CCEP has a relevant interest in 30.8% of Amatil. Accordingly, the directors of Amatil have engaged Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report for the purposes of Section 411 of the Corporations Act. The report is to set out Grant Samuel's opinion as to whether the Scheme is fair and reasonable to, and in the best interests of, the Independent Shareholders and to state reasons for that opinion. A copy of the report will accompany the Scheme Booklet to be sent to the Independent Shareholders by Amatil.

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual Independent Shareholders. Accordingly, before acting in relation to their investment, Independent Shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Independent Shareholders should read the Scheme Booklet issued by Amatil in relation to the Scheme.

Voting for or against the Scheme is a matter for individual Independent Shareholders based on their views as to value and business strategy, their expectations about future economic and market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Independent Shareholders who are in doubt as to the action they should take in relation to the Scheme should consult their own professional adviser.

2.2 Basis of Evaluation

There is no legal definition of the expression "in the best interests". However, the Australian Securities & Investments Commission ("ASIC") has issued Regulatory Guide 111 ("RG111") which establishes guidelines in respect of independent expert's reports. RG111 differentiates between the analysis required for control transactions and other transactions. In the context of control transactions (whether by takeover bid, by scheme of arrangement, by the issue of securities or by selective capital reduction or buyback), the expert is required to distinguish between "fair" and "reasonable". A proposal that was "fair and reasonable" or "not fair but reasonable" would be in the best interests of shareholders (being the opinion required under Part 3 of Schedule 8). For most other transactions, the expert is to weigh up the advantages and disadvantages of the proposal for shareholders. If the advantages outweigh the disadvantages, a proposal would be in the best interests of shareholders.

The Scheme is economically the same as a takeover offer. Accordingly, Grant Samuel has evaluated the Scheme as a control transaction and formed a judgement as to whether the proposal is "fair and reasonable".

Fairness involves a comparison of the offer price with the value that may be attributed to the securities that are the subject of the offer based on the value of the underlying businesses and assets. For this comparison, value is determined assuming 100% ownership of the target and a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

Reasonableness involves an analysis of other factors that shareholders might consider prior to accepting an offer such as:

- the offeror's existing shareholding;
- other significant shareholdings;
- the probability of an alternative offer; and
- the liquidity of the market for the target company's shares.

An offer could be considered "reasonable" if there were valid reasons to accept the offer notwithstanding that it was not "fair".

Fairness is a more demanding criteria. A "fair" offer will always be "reasonable" but a "reasonable" offer will not necessarily be "fair". A fair offer is one that reflects the full market value of a company's businesses and assets. An offer that is in excess of the pre-bid market prices but less than full value will not be fair but may be reasonable if shareholders are otherwise unlikely in the foreseeable future to realise an amount for their shares in excess of the offer price. This is commonly the case where the bidder already controls the target company. In that situation the minority shareholders have little prospect of receiving full value from a third party offeror unless the controlling shareholder is prepared to sell its controlling shareholding.

Grant Samuel has determined whether the Scheme is fair by comparing the estimated underlying value range of Amatil with the offer price. The Scheme will be fair if it falls within the estimated underlying value range. In considering whether the Scheme is reasonable, the factors that have been considered include:

- the existing shareholding structure of Amatil;
- the likelihood of an alternative offer and alternative transactions that could realise fair value;
- the likely market price and liquidity of Amatil shares in the absence of the Scheme; and
- other advantages and disadvantages for Amatil shareholders (other than TCCC) of approving the Scheme.

2.3 Sources of Information

The following information was utilised and relied upon, without independent verification, in preparing this report:

Publicly Available Information

- the Scheme Booklet (including earlier drafts);
- annual reports of Amatil for FY17 to FY19;
- full year results announcement of Amatil for FY20;
- press releases, public announcements, media and analyst presentation material and other public filings by Amatil including information available on its website;

- broker reports and recent press articles on Amatil and the beverages industry in Australia, New Zealand, Indonesia, Papua New Guinea and Fiji; and
- sharemarket data and related information on Australian and international listed companies engaged in the beverages industry and on acquisitions of companies and businesses in this industry.

Non Public Information provided by Amatil

- draft FY20 financial report for Amatil prepared by Amatil management but not audited;
- budget for FY21 ("FY21 Budget") prepared by Amatil management;
- five year corporate business plan ("5 Year Corporate Plan"), incorporating the forecasts for FY22 ("FY22 Forecast") and FY23 ("FY23 Forecast") prepared by Amatil management;
- a cash flow model for Amatil's business operations for the ten year period commencing 1 January 2021 (based on an extrapolation of the 5 Year Corporate Plan) ("Cash Flow Model"). The model was prepared by Amatil's advisers; and
- other confidential documents, board papers, presentations and working papers.

In preparing this report, Grant Samuel has held discussions with, and obtained information from, senior management of Amatil and its advisers.

2.4 Limitations and Reliance on Information

Grant Samuel believes that its opinion must be considered as a whole and that selecting portions of the analysis or factors considered by it, without considering all factors and analyses together, could create a misleading view of the process employed and the conclusions reached. Any attempt to do so could lead to undue emphasis on a particular factor or analysis. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary.

Grant Samuel's opinion is based on economic, sharemarket, business trading, financial and other conditions and expectations prevailing at the date of this report. These conditions can change significantly over relatively short periods of time. If they did change materially, subsequent to the date of this report, the opinion could be different in these changed circumstances.

This report is also based upon financial and other information provided by Amatil and its advisers. Grant Samuel has considered and relied upon this information. Amatil has represented in writing to Grant Samuel that to its knowledge the information provided by it was then, and is now, complete and not incorrect or misleading in any material respect. Grant Samuel has no reason to believe that any material facts have been withheld.

The information provided to Grant Samuel has been evaluated through analysis, inquiry and review to the extent that it considers necessary or appropriate for the purposes of forming an opinion as to whether the Scheme is fair and reasonable to, and in the best interests of the Independent Shareholders. However, Grant Samuel does not warrant that its inquiries have identified or verified all of the matters that an audit, extensive examination or "due diligence" investigation might disclose. While Grant Samuel has made what it considers to be appropriate inquiries for the purposes of forming its opinion, "due diligence" of the type undertaken by companies and their advisers in relation to, for example, prospectuses or profit forecasts, is beyond the scope of an independent expert.

Accordingly, this report and the opinions expressed in it should be considered more in the nature of an overall review of the anticipated commercial and financial implications rather than a comprehensive audit or investigation of detailed matters.

An important part of the information used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

Preparation of this report does not imply that Grant Samuel has audited in any way the management accounts or other records of Amatil. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles and in a manner consistent with the method of accounting in previous years (except where noted).

The information provided to Grant Samuel included:

- the FY21 Budget prepared by Amatil management, agreed by the Group Leadership Team and reviewed and agreed by the Amatil Board;
- the 5 Year Corporate Plan (incorporating the FY22 Forecast and the FY23 Forecast) prepared by Amatil management; and
- the Cash Flow Model prepared by Amatil's advisers.

Amatil is responsible for the information contained in the FY21 Budget and the 5 Year Corporate Plan (incorporating the FY22 Forecast and the FY23 Forecast) ("the forward looking information"). Grant Samuel has considered and, to the extent deemed appropriate, relied on this information for the purposes of its analysis. The major assumptions underlying the forward looking information were reviewed by Grant Samuel in the context of current economic, financial and other conditions. It should be noted that the forward looking information and the underlying assumptions have not been reviewed (nor is there a statutory or regulatory requirement for such a review) by an investigating accountant for reasonableness or accuracy of compilation and application of assumptions.

Subject to these limitations, Grant Samuel considers that, based on the inquiries it has undertaken and only for the purposes of its analysis for this report (which do not constitute, and are not as extensive as, an audit or accountant's examination), there are reasonable grounds to believe that the forward looking information has been prepared on a reasonable basis. In forming this view, Grant Samuel has taken the following factors into account that:

- the FY21 Budget, FY22 Forecast and FY23 Forecast have been reviewed and agreed by the Amatil Board. Greater emphasis than usual has been placed on the FY22 Forecast given the impact of the COVID-19 pandemic on Amatil's operating performance;
- the 5 Year Corporate Plan is based on the FY21 Budget, the FY22 Forecast and the FY23 Forecast, rolled forward for FY24 and FY25 by management and agreed with the Group Chief Financial Officer and the Managing Director;
- Amatil has sophisticated management and financial reporting processes. The FY21 Budget, the FY22 Forecast and the FY23 Forecast have been prepared through a detailed budgeting process involving preparation of "ground up" forecasts by the management of individual business operations and review by management of Amatil and are subject to ongoing analysis and revision to reflect the impact of actual performance or assessments of likely future performance; and
- management has advised that the overall performance of Amatil in the first month of FY21 has been in line with the FY21 Budget.

The directors of Amatil have decided not to include the FY21 Budget or the 5 Year Corporate Plan in the Scheme Booklet and therefore this information has not been disclosed in this report.

To provide an indication of the expected financial performance of Amatil, Grant Samuel has considered broker forecasts for Amatil (see Appendix 1). Grant Samuel has used the median of the broker forecasts to review the parameters implied by its valuation of Amatil. These forecasts are sufficiently close to Amatil's FY21 Budget and the FY22 Forecast to be useful for analytical purposes.

Grant Samuel has not relied on the Cash Flow Model for the purposes of its report but has considered this information in its review of the future business strategy of Amatil and its prospects and used this information in developing financial models for Amatil's business operations as discussed in Section 6.4 of this report.

Grant Samuel has no reason to believe that the forward looking information reflects any material bias, either positive or negative. However, the achievability of the FY21 Budget or the 5 Year Corporate Plan (incorporating the FY22 Forecast and the FY23 Forecast) is not warranted or guaranteed by Grant Samuel. Future profits and cash flows are inherently uncertain. They are predictions by management of future events that cannot be assured and are necessarily based on assumptions, many of which are beyond the control of the company or its management. This is particularly the case following the economic consequences of the COVID-19 pandemic, which has introduced additional uncertainty in relation to the extent and duration of the decline in earnings, the rate of recovery back to "new normal" conditions, medium to long term growth rates and capital expenditure. Actual results may be significantly more or less favourable.

As part of its analysis, Grant Samuel has reviewed the sensitivity of net present values to changes in key variables. The sensitivity analysis isolates a limited number of assumptions and shows the impact of variations to those assumptions. No opinion is expressed as to the probability or otherwise of those variations occurring. Actual variations may be greater or less than those modelled. In addition to not representing best and worst outcomes, the sensitivity analysis does not, and does not purport to, show the impact of all possible variations to the business model. The actual performance of the business may be negatively or positively impacted by a range of factors including, but not limited to:

- changes to the assumptions other than those considered in the sensitivity analysis;
- greater or lesser variations to the assumptions considered in the sensitivity analysis than those modelled; and
- combinations of different variations to a number of different assumptions that may produce outcomes different to the combinations modelled.

In forming its opinion, Grant Samuel has also assumed that:

- matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed;
- the assessments by Amatil and its advisers with regard to legal, regulatory, tax and accounting matters relating to the CCEP Proposal are accurate and complete;
- the information set out in the Scheme Booklet sent by Amatil to its shareholders is complete, accurate and fairly presented in all material respects;
- the publicly available information relied on by Grant Samuel in its analysis was accurate and not misleading;
- the CCEP Proposal will be implemented in accordance with its terms; and
- the legal mechanisms to implement the CCEP Proposal are correct and will be effective.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations, and policies, Grant Samuel assumes no responsibility and offers no legal opinion or interpretation on any issue.

3 Profile of Amatil

3.1 Background

Amatil was founded in 1904, initially as a tobacco company. In the 1960s, it commenced a large scale diversification program and by 1989 had interests in tobacco, poultry, snack foods, non alcoholic beverages, printing, packaging and communications.

As part of the diversification program, Amatil entered the non alcoholic beverage industry in Australia and in 1965 was granted its first licence to bottle and distribute the trademarked products of TCCC in Western Australia. Amatil continued to acquire additional franchise territories for TCCC products in Australia over the next 15 years.

Overseas expansion of the non alcoholic beverage operations began in the early 1980s. Amatil gained its first European bottling licence in 1982 for certain territories in Austria. In 1988, Amatil also obtained the bottling licences for Fiji and certain areas of New Zealand.

In 1989, the decision was made to refocus the business on non alcoholic beverages. A major restructuring took place with TCCC purchasing a majority (59%) equity interest in Amatil[11]. At the same time, Amatil sold its tobacco and poultry operations. The company's name was changed to reflect the strategic alliance with TCCC. In 1990, Amatil acquired C-C Bottlers Limited (increasing its franchise areas to approximately 99% of the Australian population). Amatil also acquired the remaining bottling licence areas in New Zealand. In that year, Amatil sold its communications and packaging operations, and later its snack food business.

Amatil's strategy was to focus on bottling TCCC products and to expand that business internationally:

- from 1990, Amatil rapidly expanded in Europe and by the end of 1996, held bottling licences for ten countries in Eastern Europe as well as for Austria and Switzerland; and
- Amatil entered South East Asia in 1992 through the formation of two strategic joint ventures in Indonesia, and the acquisition of the two major Coca-Cola bottling operations in Papua New Guinea. Over the next decade Amatil consolidated its position in Indonesia and expanded its operations in Australia, Fiji and New Zealand. It also expanded into the Philippines and South Korea, although these bottling operations were subsequently sold (the Philippines operation was sold to TCCC and San Miguel Corporation in 2001 and the South Korean operation was sold to LG Household & Healthcare in 2007).

In June 1998, Amatil's European interests were demerged, creating a new listed European bottler, Coca-Cola Beverages Plc.

Over the following decade, Amatil expanded its Australian and New Zealand businesses to non carbonated beverages and food through the acquisitions of Neverfail Springwater, Peats Ridge Springs, Baker Halls, SPC Ardmona Limited ("SPC") and Grinders Coffee. In December 2004, the Northern Territory Coca-Cola franchise was acquired, making Amatil the sole licensee of Coca-Cola beverages in Australia.

Following a strategic review in 2007, Amatil further broadened its beverage portfolio into the alcoholic beverages market in Australia and New Zealand on the basis that premium beers, spirits and alcoholic ready to drink beverages provided a natural extension to Amatil's product offering in Australia and New Zealand. Amatil had already entered into exclusive distribution and manufacturing agreements with SABMiller, the Molson Coors Beverage Company ("Molson Coors") and Maxxium (now Beam Suntory, Inc. ("Beam Suntory"), a division of Suntory Holdings Limited ("Suntory")). A majority interest in Paradise Beverages (Fiji) Limited ("Paradise Beverages") was acquired in 2012 and in 2013, Amatil established Australian Beer Company Pty Ltd ("Australian Beer Company"), a 50/50 joint venture with Casella Family Brands.

[11] TCCC's shareholding in Amatil was subsequently diluted by various share issues and, following the demerger of the European business, was 43%. The TCCC shareholding was reduced to 35.4% following the buy back and cancellation of Amatil shares held by TCCC as part of the sale of the Philippines operation in 2001, to 32.4% following the issue of Amatil shares as part consideration for the acquisition of SPC in February 2005 and to approximately 30% after a sell down by TCCC in September 2007. The subsequent increase in TCCC's shareholding to 30 8% resulted from Amatil's 2017 share buyback.

A further strategic review in 2014 culminated in a US$500 million investment by TCCC in Amatil's Indonesian business (PT Coca-Cola Bottling Indonesia) in April 2015 to accelerate its growth strategy, in particular supporting accelerated capital expenditure in Indonesia for production, warehousing and cold drink infrastructure. TCCC received shares in the Indonesian business representing a 29.4% equity ownership interest in return for the US$500 million investment.

Amatil reached agreement with the Victorian Government in early 2014 to a $100 million co-investment plan to avoid closure and to modernise SPC's Shepparton manufacturing facility. However, profitability remained poor due to industry structural factors and in 2018, the decision was made to divest SPC. The SPC fruit and vegetable processing business was sold to Shepparton Partners Collective Pty Ltd and its group of companies in June 2019 for $40 million, subject to agreed adjustments[12].

Today, Amatil is one of Asia Pacific's largest bottlers and distributors of alcoholic and non alcoholic ready to drink ("NARTD") beverages, and one of the world's larger bottlers of TCCC's range of products. It is a top 100 ASX listed company and, prior to announcement of the receipt by Amatil of a non binding indicative proposal from CCEP, had a market capitalisation of approximately $7.8 billion.

3.2 Business Overview and Strategy

Business Overview

Following an organisational restructure in September 2019, Amatil 's beverage categories are managed and reported on a geographical basis. Its key business operations are summarised below:

AMATIL – BUSINESS OPERATIONS

	KEY BRANDS	DESCRIPTION
Australia		
NARTD	*Coca-Cola, Sprite, Fanta, Lift, Kirks Deep Spring, Neverfail, Mount Franklin, Pump Barista Bros, FUZE Tea, Keri Juice, Fruitbox Growers Choice, Refresh, Nutriboost Bisleri Chinotto, Monster, Mother Powerade*	Preparation, sale and distribution of 29 non alcoholic beverage brands to approximately 100,000 customers
Alcohol and Coffee	*Jim Beam, Canadian Club, Makers Mark, Yamazaki Molson Canadian, Miller Chill Rekorderlig, Roku, Russian Standard Feral, Grinders Coffee*	Beer brewing, spirits packaging and coffee roasting Sale, marketing and distribution of 59 alcoholic beverage brands and coffee
Australian Beer Company (50% interest)	*Pressman's, Yenda*	Manufacture and sale of alcoholic beverages (beer, cider)
Pacific		
New Zealand NARTD	*Coca-Cola Sprite, Fanta, Lift, Schweppes, Powerade, Mother, Deep Spring, Pump, FUZE Tea L&P, Kiwi Blue, Keri Juice*	Preparation, sale and distribution of 32 non alcoholic beverage brands to approximately 17,400 customers
New Zealand Alcohol and Coffee	*Jim Beam, Makers Mark, Canadian Club Fortune Favours*	Sale, marketing and distribution of 48 alcoholic beverage brands and coffee
Fiji and Samoa NARTD	*Coca-Cola, Sprite, Fanta, Lift, Schweppes, Powerade, Mother, Monster, Deep Spring, Pump, FUZE Tea Frubu, Jucy*	Preparation, sale and distribution of 13 non alcoholic beverage brands to approximately 3,100 customers
Paradise Beverages (89.6% interest)	*Vonu, Fiji Gold, Fiji Bitter, Vailima Bounty with Cola, Joskes, Tribe, Moni, Sili Ratu, Bati, Bounty, Regal, Czarina*	Brewing, distilling, sales, marketing and distribution of a portfolio of premium alcohol brands in Fiji and Samoa

[12] The SPC sale agreement also included a four year deferred payment which, subject to business performance, could result in up to an additional $15 million of sale proceeds at that time.

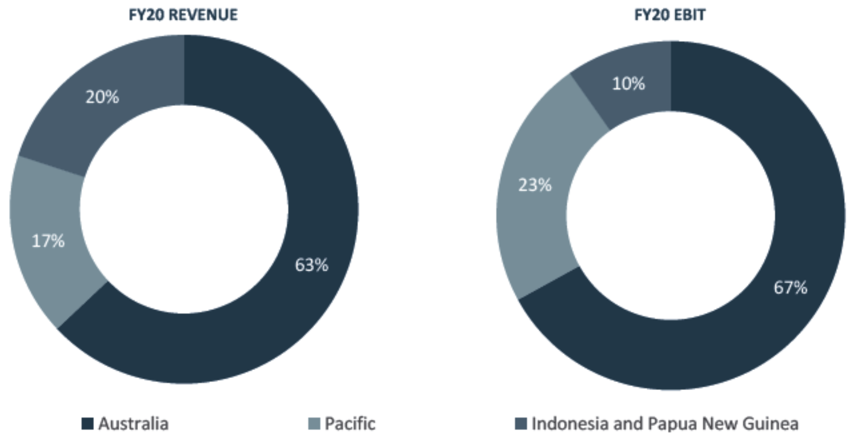
AMATIL – BUSINESS OPERATIONS (CONTINUED)

	KEY BRANDS	DESCRIPTION
Indonesia and Papua New Guinea		
Indonesia NARTD (PT Coca-Cola Bottling Indonesia) (70.6% interest)	*Coca-Cola* *Sprite, Fanta* *Minute Maid, Nutriboost, Schweppes* *Ades, A&W, Aquarius*	Preparation, sale, distribution and marketing of 12 non alcoholic beverage brands to approximately 460,000 customers directly and another 1.6 million indirectly through wholesalers
Papua New Guinea NARTD	*Coca-Cola* *Sprite, Fanta, Schweppes, Solo* *BU, Minute Maid, Golden Crush, Nature's Own*	Preparation, sale, distribution and marketing of 10 non alcoholic beverage brands to approximately 13,000 customers

Amatil also reports a Corporate and Services business segment, which includes a number of business operations (including Statewide Recycling), Amatil's equity accounted investments (other than Australian Beer Company), Amatil X, Amatil's Property Division and other non operating income.

The majority of Amatil's revenue and earnings is generated by its business operations in Australia, which in FY20 represented 63% of Amatil's revenue (on a 100%[13]) and 67% of EBIT (on a 100% basis, before group office costs). The higher contribution to EBIT by the business operations in Australia and the Pacific (90% of FY20 EBIT on a 100% basis) reflects the capital intensive nature of the business operations in Indonesia and Papua New Guinea, which generated 20% of revenue but only 10% of EBIT:

AMATIL – CONTRIBUTION BY BUSINESS (100% BASIS)



Source: Amatil and Grant Samuel analysis

Amatil's business operations are described, and their operating performance is discussed, in Section 4 of this report.

Relationship with TCCC

Amatil is predominantly a bottler of the trademarked products of TCCC, which represent close to 80% of trading revenue. While Amatil does manufacture and sell some of its own products and the products of other third parties (including alcoholic beverages and coffee), this is on a much smaller scale than its TCCC branded business.

13 The 100% basis adjusts Amatil's consolidated revenue and EBIT to reallocate revenue and EBIT of the Corporate & Services division that is better reflected in the business operations in Australia and the Pacific region (see Section 4.4). It does not adjust for non controlling interests and it excludes revenue and earnings from coal mining royalties and Amatil X investments.

The Coca-Cola system is based on the separation of the manufacture and sale of concentrate and the bottling and distribution of non alcoholic beverages. TCCC owns all trademarks relating to its products and manufactures the soft drink bases and concentrates which it supplies to authorised bottlers. Pursuant to bottlers' agreements with TCCC, authorised bottlers such as Amatil produce, package, distribute and market TCCC branded products in designated sales territories.

TCCC branded products are subject to various bottlers', distributors and licence agreements with TCCC in the various markets in which Amatil operates which provide Amatil with exclusive rights to prepare, package, sell and distribute relevant TCCC trademarked products in each of those markets. The agreements are generally for ten year terms, are substantially similar in all countries and have consistently been renewed. The Australian agreements were most recently renewed in 2016.

Under the terms of the bottlers' agreements, Amatil commits to purchase the beverage bases and concentrates at the prices agreed each year with TCCC on a country by country basis. The remaining raw materials required for production (water, sugar and other sweeteners, carbon dioxide gas, glass and PET bottles, aluminium cans, closures and other packaging materials) are purchased from independent suppliers.

The agreements contain obligations on Amatil in relation to the production and marketing requirements of TCCC. Amatil is responsible for bottling, production, selling and distribution. However, marketing is undertaken in conjunction with TCCC. The total costs are shared between TCCC and Amatil on a negotiated basis that is agreed annually[14]. TCCC's marketing focuses on consumer advertising/marketing. Amatil's marketing focus is on trade marketing to customers. Amatil is also responsible for determining the pricing of products offered to customers.

TCCC maintains a significant presence in each market with its own marketing and advertising staff based in the region. In addition to providing marketing assistance, TCCC has locally based employees engaged in quality control and technical services.

Generally, Amatil's arrangements with TCCC prohibit Amatil from producing, promoting or selling any non alcoholic beverage without TCCC's consent. However, with TCCC's consent, Amatil owns and distributes brands such as *Mount Franklin*, *Kirks*, *Deep Spring*, *L&P* and *Pump*[15]. Amatil is also required to obtain TCCC's consent for the distribution or sale of any products, other than TCCC products, in vehicles or equipment that has TCCC branding.

Strategy

Amatil's strategy is designed to position it to capture growth and deliver long term value in a continually changing market. It believes that creating value for society is integrated and consistent with delivering value to shareholders and approaches the creation of long term value through the lens of seeking positive impacts on its people, customers, partners, consumers, the environment and its community. The strategy is focused on two overarching objectives:

- **Perform**. Performance is the day-to-day focus of the business operations with an emphasis on three key areas:
  - strengthening their category leadership position ("Lead") through the leading brands in each of Amatil's major categories in each market, increased levels of innovative marketing to strengthen brand equity and evolving the portfolio to adapt to changing consumer preferences;
  - implementing a step change in productivity and in market execution ("Execute") through a world class customer servicing capability, routes-to-market that provide customer diversification and

[14] For example, in Australia Amatil has adopted an incidence based pricing model since 2017, where concentrate is priced as a percentage of revenue rather than the amount of concentrate sold. This approach creates better commercial alignment with TCCC.

[15] Amatil owns the *Pump* brand in New Zealand but not in Australia (where is it owned by TCCC).

effective leverage of Amatil's large scale, low cost manufacturing, sales and distribution capability; and

- achieving better alignment with TCCC and other brand partners ("Partner") through having a shared vision of success and aligned objectives, joint plans for growing the profitability of both Amatil and TCCC and a balanced sharing of risks and rewards; and

- **Grow**. Amatil's ambition is to be a regional beverages powerhouse in the Association of South East Asian Nations ("ASEAN") and Oceania regions by growing:
  - within beverage categories (through innovation and mergers/acquisitions in existing beverage categories and new beverage categories in existing markets);
  - across geographies (through entering new geographies in existing beverage categories, with an immediate focus on South-East Asia and Oceania); and
  - along the beverages value chain (through vertical integration and extensions of the existing value chain in current geographies).

The success of the objectives to perform and grow is built on the foundation of a **Strong Organisation** with strong, accountable business operations, a "One Amatil" mindset where decision making is in the best interests of Amatil overall and a "lean" group office. The divestment of the SPC business and the integration of the Alcohol and Coffee business into each of Amatil's geographic regions in 2019 were part of implementing Amatil's Strong Organisation strategy, enabling it to simplify its manufacturing operations, strengthen its customer focus and improve its emphasis on being a regional beverages powerhouse.

3.3 Financial Performance

Historical Financial Performance

The historical financial performance of Amatil from FY17 to FY20 is summarised below:

AMATIL – HISTORICAL FINANCIAL PERFORMANCE ($ MILLIONS)

	FY17 ACTUAL[16] PRE AASB16[17]	FY18 ACTUAL PRE AASB16[17]	FY19 ACTUAL POST AASB16[17]	FY20 ACTUAL POST AASB16[17]
Trading revenue	4,700.4	4,752.3	5,070.6	4,762.1
Other revenue[18]	35.4	37.9	36.5	36.2
Operating revenue	**4,735.8**	**4,790.2**	**5,107.1**	**4,798.3**
Operating EBITDA[19]	**920.7**	**883.2**	**983.3**	**896.6**
Depreciation and amortisation	(260.8)	(258.4)	(348.1)	(348.2)
Operating EBIT[20]	**659.9**	**624.8**	**635.2**	**548.4**
Share of profit from equity accounted investments	(0.1)	0.1	1.9	0.4
Investment income[21]	18.5	9.6	2.2	1.9
Reported EBIT	**678.3**	**634.5**	**639.3**	**550.7**

16 FY17 financial performance has been restated to show SPC as a discontinued operation.

17 Amatil adopted AASB16 in relation to the capitalisation of leases from 1 January 2019.

18 Other revenue excludes revenue from coal mining royalties and other investments (which is included in investment income).

19 Operating EBITDA is earnings from continuing operations before net finance costs, tax, depreciation and amortisation, share of profit from equity accounted investments, investment income and non trading items.

20 Operating EBIT is earnings from continuing operations before net finance costs, tax, share of profit from equity accounted investments, investment income and non trading items.

21 Investment income is earnings from coal mining royalties, Amatil X investments and other investments.

AMATIL – HISTORICAL FINANCIAL PERFORMANCE ($ MILLIONS) (CONT)

	FY17 ACTUAL[16] PRE AASB16[17]	FY18 ACTUAL PRE AASB16[17]	FY19 ACTUAL POST AASB16[17]	FY20 ACTUAL POST AASB16[17]
Net finance costs	(68 8)	(72 5)	(65.7)	(62.1)
Non trading items	(0 3)	(3 0)	(40 5)	(270.7)
Profit before tax	**609.2**	**559.0**	**533.1**	**217.9**
Income tax expense	(148 9)	(144 5)	(149 3)	(72.9)
NPAT[22] from continuing operations	**460.3**	**414.5**	**383.8**	**145.0**
NPAT from discontinued operations	0.7	(122 5)	6 2	-
NPAT attributable to non controlling interests	(15 8)	(13 0)	(15.6)	34.9
NPAT attributable to Amatil shareholders	**445.2**	**279.0**	**374.4**	**179.9**
STATISTICS				
Earnings per share[23]	*55.8¢*	*53.6¢*	*54.4¢*	*47.0¢*
Dividends per share	*47.0¢*	*47.0¢*	*51.0¢*	*27.0¢*
Dividend payout ratio[23]	*84%*	*88%*	*86%[24]*	*58%*
Amount of dividend franked	*70%*	*57%*	*0%*	*67%*
Operating revenue growth	*nc*	*+1.1%*	*+6.6%*	*-6.0%*
Operating EBITDA growth	*nc*	*-4.1%*	*+11.3%*	*-8.8%*
Operating EBIT growth	*nc*	*-5.3%*	*+1.7%*	*-13.7%*
Operating EBITDA margin	*19.6%*	*18.6%*	*19.4%*	*18.8%*
Operating EBIT margin	*13.9%*	*13.0%*	*12.4%*	*11.4%*
Interest cover[25]	*9.9x*	*8.8x*	*9.7x*	*8.9x*
Return on capital employed	*21.6%*	*20.1%*	*18.4%*	*16.2%*

Source: Amatil and Grant Samuel analysis

It is difficult to analyse Amatil's historical financial performance given the changes in the business operations and accounting standards over recent years. While the FY17 financial performance has been restated to show SPC as a discontinued operation, Amatil adopted AASB16 in relation to the capitalisation of leases from 1 January 2019. As a result, in FY19 and FY20, lease payments have been replaced by depreciation and interest expense. Adoption of this accounting standard has the impact of increasing EBITDA and, to a lesser extent, EBIT. Amatil's pro forma operating performance assuming AASB16 had not been adopted is summarised below:

AMATIL – PRO FORMA HISTORICAL OPERATING PERFORMANCE ($ MILLIONS)

	FY17 ACTUAL[16] PRE AASB16	FY18 ACTUAL PRE AASB16	FY19 PRO FORMA PRE AASB16	FY20 PRO FORMA PRE AASB16
Trading revenue	4,700.4	4,752 3	5,070.6	4,762.1
Other revenue[18]	35.4	37 9	36 5	36.2
Total revenue	**4,735.8**	**4,790.2**	**5,107.1**	**4,798.3**
Operating EBITDA	**920.7**	**883.2**	**903.8**	**802.4**
Depreciation and amortisation	(260 8)	(258.4)	(279.2)	(265.1)
Operating EBIT	**659.9**	**624.8**	**624.6**	**537.3**
Share of profit from equity accounted investments	(0.1)	0.1	1 9	0.4
Investment income[21]	18 5	9.6	2 2	1.9
EBIT	**678.3**	**634.5**	**628.7**	**539.6**

22 NPAT is net profit after tax.

23 Earnings per share and dividend payout ratio are based on net profit after tax from continuing operations before non trading items.

24 Excludes the special dividend of 4 cents per share declared in FY20 following the sale of SPC.

25 Interest cover is reported EBIT divided by net finance costs.

AMATIL – PRO FORMA HISTORICAL OPERATING PERFORMANCE ($ MILLIONS) (CONT)

	FY17 ACTUAL[16] PRE AASB16	FY18 ACTUAL PRE AASB16	FY19 PRO FORMA PRE AASB16	FY20 PRO FORMA PRE AASB16
STATISTICS				
Operating EBITDA growth	*nc*	*-4.1%*	*+2.3%*	*-11.2%*
Operating EBIT growth	*nc*	*-5.3%*	*-*	*-14.0%*
Operating EBITDA margin	*19.6%*	*18.6%*	*17.8%*	*16.8%*
Operating EBIT margin	*13.9%*	*13.0%*	*12.2%*	*11.2%*

Source: Amatil and Grant Samuel analysis

Underlying earnings were flat in FY17, with strong performance in the Pacific and Indonesia and Papua New Guinea regions offset by a challenging start to year in Australia (although performance improved after Easter as initiatives gained traction).

The FY18 and FY19 years were a transition phase for Amatil. While Amatil generated growth in operating revenue in both years (reflecting the impact of business initiatives across each region), this did not flow through to increased earnings as margins declined:

- in FY18, earnings were impacted by planned investment in the Accelerated Australian Growth Plan (approximately $40 million investment across marketing, execution, cold drink equipment, technology and price) and implementation of container deposit schemes, as well as economic factors in Indonesia and operational challenges in Papua New Guinea; and
- in FY19, the Australian Accelerated Growth Plan and Indonesia's Accelerate to Transform Plan delivered volume and route-to-market improvements in these markets. There was a return to volume growth in Australia and double digit volume and revenue growth in Indonesia and Papua New Guinea, which translated into an increase in EBITDA (albeit with a further decline in margin), but this was offset by an increase in depreciation and amortisation associated with the significant capital expenditure on the Richlands warehouse and the Affordable Single Serve Pack production line in Indonesia in FY18.

The end of 2019 saw completion of Amatil's two year transition period and it was on track to achieve its goal of delivering mid-single digit earnings per share growth in FY20 and over the medium term (with higher earnings growth in the second half of FY20 than the first half). FY20 had a disappointing start, impacted by bushfires in Australia before the global spread of the COVID-19 pandemic. Given the uncertainty of the duration and impact of the COVID-19 pandemic, Amatil withdrew its earnings guidance on 17 March 2020.

The COVID-19 pandemic had an overall adverse impact on Amatil's performance in FY20 due to:

- lower volumes and revenue as customers were closed or in decline (impacting the high margin, immediate consumption on-the-go channels) and consumers stayed at home; and
- margin erosion as a result of changes in channel and product mix (due to social distancing and other restrictions on consumer mobility), including a shift in demand towards lower margin grocery channels and an increase in at-home consumption (of lower margin products).

As COVID-19 restrictions eased, trading conditions improved in some of Amatil's markets (i.e. Australia and New Zealand) in 2HY20, with volumes down by 5.4% over the prior corresponding period (compared to an 11.6% decline in 1HY20). Trading revenue fell by 9.2% in 1HY20 (compared to the prior corresponding period) but earnings momentum returned in 2HY20, including continued recovery in the on-the-go channel. However, the rate of improvement has varied by region depending on the response to the COVID-19 pandemic. While FY20 EBITDA and EBIT declined (by 11.2% and 14.0% respectively), cost management ($140 million of cost savings were delivered in FY20) and a reduction in depreciation relating to Amatil's Indonesian business (of $10.8 million) partially mitigated the impact.

Amatil reported significant net non trading items in FY19 and FY20[26], In FY19, non trading items were primarily associated with restructuring programs in Australia and under-performing non current asset impairments (offset in part by gains from property sales) and in FY20, represented impairment of Amatil's Indonesian business operations, Paradise Beverages equity accounted investments, implementation of the Fighting Fit program and costs associated with the CCEP Proposal.

Amatil has historically had a high dividend payout ratio of in excess of 80% (based on earnings from continuing operations before non trading items). A special dividend was also paid in FY19 following the sale of SPC. Dividends have typically been franked at less than 100%, reflecting the increasing contribution of Amatil's non Australian business operations. Dividends were unfranked in FY19 and 1HY20 as a result of Amatil realising tax deductions on the sale of SPC but returned to being franked in 2HY20.

Outlook

Amatil has not publicly released earnings forecasts for FY21 or subsequent years. However, in the Scheme Booklet and its FY20 results announcement, Amatil has provided the following commentary:

- the ongoing uncertainty caused by the COVID-19 pandemic means that there is insufficient knowledge and insight to enable Amatil to predict its future earnings. While progress in controlling the virus has been made in Australia and New Zealand and Amatil is encouraged by the recovery of its businesses in these regions, including in on-the-go channels, during periods where restrictions on consumer mobility have been eased, volatility in trading remains and will likely continue so long as the risk of COVDI-19 infections remains. In Indonesia, the number of confirmed cases remains at high levels. In addition, the medium to long term economic consequences from the COVID-19 pandemic are unlikely to be fully understood for some time; and
- during FY20, Amatil has undertaken a number of steps to strengthen its operational and competitive position, including:
  - reducing its cost base through temporary cost reductions (to minimise the impact of the short term decline in demand) and permanent cost reductions;
  - through its Fighting Fit earnings improvement program, which has focused on increased efficiency in the Amatil group and in the Australian business support costs; and
  - shifting its promotional and marketing efforts towards more affordable products in certain markets such as Indonesia where the economic impact of the COVID-19 pandemic is expected to be most sustained.

  These initiatives are expected to position Amatil to be more resilient to future economic or health related shocks.

Trading in Australia and New Zealand has continued its strong momentum in January 2021, although trading remains volatile in other markets, with challenging trading conditions in Indonesia and a weak market in Fiji as tourism remains restricted. Papua New Guinea delivered a strong result in January 2021 following weaker trading in December 2020.

Amatil expects group capital expenditure to be approximately $285 million in 2021, including investment in the New Zealand can line, Moorabin production site and Fighting Fit initiatives.

To provide an indication of the expected future financial performance of Amatil, Grant Samuel has considered broker forecasts for Amatil (see Appendix 1) as follows:

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26 There were also large non trading items in FY17 and FY18, however, one off gains from the sale of the Richlands facility and other property were offset by one off costs primarily relating to cost optimisation projects in Australia.

AMATIL – FORECAST FINANCIAL PERFORMANCE ($ MILLIONS)

	FY20 PRO FORMA PRE AASB16	ADJUSTED BROKER CONSENSUS (MEDIAN)	
		FY21	FY22
Trading revenue	4,762.1	4,999.3	5,176.7
Operating EBITDA	802.4	874.8	952.0
Operating EBIT	537.3	613.4	691.0
Reported EBIT	539.6	617.4	695.4

Source: Grant Samuel analysis (see Appendix 1)

The broker consensus forecasts have been adjusted to reverse the impact of AASB16 and remove from operating EBIT and operating EBITDA the budgeted and forecast share of profit from equity accounted investments and investment income (see Appendix 1 for details).

The adjusted median consensus broker forecasts are sufficiently close to Amatil's FY21 Budget and FY22 Forecast to be useful for analytical purposes.

3.4 Financial Position

The financial position of Amatil as at 31 December 2020 is summarised below:

AMATIL – FINANCIAL POSITION ($ MILLIONS)

	AS AT 31 DECEMBER 2019 ACTUAL	AS AT 31 DECEMBER 2020 ACTUAL
Trade and other receivables	1,047.1	963.9
Inventories	646.4	575.5
Trade and other payables	(1,246.0)	(1,295.0)
Net working capital	**447.5**	**244.4**
Property, plant and equipment	1,825.7	1,518.9
Right of use assets	462.9	431.5
Goodwill	153.0	129.6
Other intangible assets	1,109.7	1,078.8
Equity accounted investments	59.4	49.1
Other investments	7.1	12.1
Defined benefit superannuation plans	(31.8)	(40.9)
Deferred tax liabilities (net)	(308.4)	(222.9)
Employee benefits provisions	(121.8)	(92.6)
Derivatives (operating and investing related, net)	(27.5)	(100.4)
Other assets and liabilities	127.9	82.7
Total capital employed	**3,703.7**	**3,090.3**
Net debt (excluding lease liabilities)	**(1,221.7)**	**(962.6)**
Lease liabilities	(529.8)	(499.5)
Net debt (including lease liabilities)	**(1,751.5)**	**(1,462.1)**
Net assets	**1,952.2**	**1,628.2**
Non controlling interests	(390.4)	(319.4)
Equity attributable to Amatil shareholders	**1,561.8**	**1,308.8**
STATISTICS		
Shares on issue at period end (million)	*724.0*	*724.0*
Net assets per share	*$2.16*	*$1.81*
NTA[27] per share	*$0.95*	*$0.58*
Gearing[28] (excluding lease assets and lease liabilities)	*37.7%*	*36.2%*

Source: Amatil and Grant Samuel analysis

27 NTA is net tangible assets, which is calculated as net assets less intangible assets.

28 Gearing is net borrowings divided by net assets plus net borrowings.

The majority of Amatil's capital employed (almost 85%) is represented by investment in property, plant and equipment and other intangible assets. Other intangible assets are primarily investments in bottlers' agreements ($927.6 million), with software development and other assets, and brand names and trademarks making up the balance.

Amatil has bottlers agreements with TCCC in each of the key countries in which Amatil operates. These agreements are generally for ten year terms and no consideration is payable on renewal or extension of the agreements. Given the long relationship between TCCC and Amatil, TCCC's shareholding in Amatil, TCCC's representation on Amatil's Board and the ongoing profitability of TCCC brands, Amatil has assessed the agreements as having indefinite useful lives (so they are not amortised but are subject to annual impairment testing).

Equity accounted investments represent Amatil's:

- 50% interest in Australian Beer Company;
- 50% interest in Container Exchange (Services) Pty Ltd ("Container Exchange");
- stapled 20% interest in Exchange for Change (NSW) Pty Ltd, Exchange for Change (ACT) Pty Ltd and Exchange for Change (Australia) Pty Ltd (collectively, "Exchange for Change"); and
- 45% interest in Made (Aust) Pty Ltd, Made Manufacturing Pty Ltd and Made Brands Pty Ltd (or 22.5% of the Made Group).

Other investments represent minority investments made by Amatil X.

The components of net debt (excluding lease liabilities) are set out below:

AMATIL – NET DEBT ($ MILLIONS)

	AT 31 DECEMBER 2019 ACTUAL	AT 31 DECEMBER 2020 ACTUAL
Cash and cash equivalents	856 0	1,018.0
Borrowings	(2,178.7)	(2,028.4)
Derivatives (debt related, net)	99.5	49 8
Loans receivable (interest bearing)	8.8	11 8
Other financial assets (Papua New Guinea government bonds)	83.0	37.1
Other financial liabilities (cash collateral)	(90 3)	(50.9)
Net debt (excluding lease liabilities)	**(1,221.7)**	**(962.6)**

Source: Amatil

Each of these components is described in more detail below:

- at 31 December 2020, Amatil's Papua New Guinea business had $129.1 million in local currency (Papua New Guinea kina ("PGK")) denominated government bonds ($37.1 million reported as other financial assets) and cash assets ($92.0 million of the cash balance above). In 2014, the Papua New Guinea government imposed currency controls which impact the extent to which funds held in Papua New Guinea can be converted and remitted elsewhere in the Amatil group. Repayment of an intercompany loan and dividend payments have reduced this deposit balance from $300 million in 2014 to $129.1 million at 31 December 2020;
- cash on deposit in Indonesia has grown since TCCC's US$500 million cash investment in 2015. Since 2015, Amatil's Indonesian business has been cash positive and has been able to self-fund capital expenditure. An intercompany loan from the Indonesian business to Amatil in FY19 to enable Amatil to repay debt had a balance of $332.5 million at 31 December 2020;

- borrowings (including associated derivatives) comprise:

AMATIL – BORROWINGS AT 31 DECEMBER 2020 ($ MILLIONS)

FACILITY	FACILITY SIZE	AMOUNT DRAWN
Bank overdraft	21.3	2.0
Bonds	na[29]	2,006.4
Bank loans	650.0	20.0
Borrowings		**2,028.4**

Source: Amatil

- Amatil has in place a programme for the issue of up to US$2,000 million of Euro medium term notes (denominated in any currency as agreed) and Australian domestic notes (medium term and short term). It has also accessed the US Private Placement Market (A$ and US$).

  At 31 December 2020, total available debt facilities were $2.6 billion, comprising committed undrawn bank facilities of $630 million and capital markets issuance. The average maturity is 5.5 years;
- Amatil uses derivative financial instruments to manage exposures to certain financial risks. Debt related derivatives relate solely to hedging of foreign currency principal amounts and fair values of borrowings. Amatil holds cross currency swaps to mitigate the exposure to changes in the fair value of a portion of its foreign currency denominated debt from fluctuations in foreign currency and interest rates. The objective of this hedging is to convert foreign currency borrowings to local currency at inception;
- loans receivable are loans provided to container deposit scheme co-ordinators and are interest bearing; and
- Amatil uses financial instruments to hedge its exposure to adverse fluctuations in market risks. Due to changes in the fair value of hedge contracts and to minimise the impact of credit default, Amatil has received a net amount of $50.9 million as cash collateral pledged from external counterparties. Amatil holds the cash collateral under agreements to provide protection against credit risk exposure by its counterparties.

Net debt generally peaks in April and October each year, coinciding with the timing for payment of dividends and the ramp up in production (inventory) associated with upcoming festive periods. Net debt is at its lowest in June and December each year.

Amatil sponsors two defined benefit superannuation plans, the Coca-Cola Amatil Superannuation Plan (predominantly Australia-based and closed to new entrants) and the CCBI Superannuation Plan (Indonesia-based). Contributions to the plans are made at levels necessary to ensure the plans have sufficient assets to meet their vested benefit obligations (which represent the estimated total amount that the plans would be required to pay is all defined benefit members were to voluntarily leave the plans on the valuation date). However, the liability recognised in the balance sheet is based on the projected benefit obligation (i.e. the present value of employee benefits accrued to date, assuming that employees 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. At 31 December 2020, the aggregated present value of defined benefit obligations was $104.8 million, which exceeded the aggregated fair value of plan assets of $63.9 million, resulting in a defined benefit superannuation plan liability of $40.9 million. The Coca-Cola Amatil Superannuation Plan is in a net asset position of $6.9 million and the CCBI Superannuation Plan is in a net liability position of $47.8 million. The CCBI Superannuation Plan has no plan assets. PT Coca-Cola Bottling Indonesia (and its subsidiaries) accrue CCBI Superannuation Plan's liabilities as per the actuarial assessment.

[29] na = not available.

Operating and investing related derivatives relate to foreign currency, commodity and interest rate derivatives other than those that are debt related.

Non controlling interests represent the:

- 29.4% interest in PT Coca-Cola Bottling Indonesia held by TCCC;
- 10.4% interest in Paradise Beverages (consolidating Samoa Breweries Limited ("Samoa Breweries")); and
- 6.1% interest in Samoa Breweries.

3.5 Cash Flow

Amatil's cash flow from FY17 to FY20 is summarised below:

AMATIL - CASH FLOW ($ MILLIONS)

	FY17 ACTUAL[30]	FY18 ACTUAL	FY19 PRO FORMA PRE AASB16	FY20 PRO FORMA PRE AASB16
Operating EBITDA	**920.7**	**883.2**	**983.3**	**896.6**
Lease payments	-	-	(79 5)	(94.3)
Changes in working capital and other adjustments	(49.6)	69.0	(72.9)	128.1
Cash from operations	**871.1**	**952.2**	**830.9**	**930.4**
Net interest paid	(53 5)	(87 0)	(43 0)	(57.6)
Tax paid	(173.4)	(159.6)	(99 9)	(83.3)
Net operating cash flows	**644.2**	**705.6**	**688.0**	**789.5**
Capital expenditure	(296 3)	(316 2)	(229.4)	(208.7)
Additions of other intangible assets	-	(0.4)	(1 3)	(1.1)
Disposal of property, plant and equipment	6.1	3.6	6.1	3.1
Free cash flow – continuing operations	**354.0**	**392.6**	**463.4**	**582.8**
Cash impact from non trading items	97 2	26.4	(11.4)	(24.7)
Net cash flows from discontinued operations	(21 9)	(44.7)	(33.0)	-
Free cash flow	**429.3**	**374.3**	**419.0**	**558.1**
Investments	(2 0)	(37.1)	(5 0)	(7.1)
Acquisition/(disposal) of business	(20.7)	(15.2)	39.6	5.2
Dividends paid	(345 8)	(340 5)	(369.6)	(253.8)
Share buyback	(351.2)	(0.4)	-	-
Net cash generated/(used)	**(290.4)**	**(18.9)**	**84.0**	**302.4**
Net cash/(debt) – opening	*(992.8)*	*(1,337.2)*	*(1,327.8)*	*(1,221.7)*
Exchange rate impacts	*(54.0)*	*28.3*	*22.1*	*(43.3)*
Net cash/(debt) – closing	*(1,337.2)*	*(1,327.8)*	*(1,221.7)*	*(962.6)*
STATISTICS				
Cash realisation ratio[31]	*93.1%*	*107.0%*	*98.5%*	*124.7%*

Source: Amatil and Grant Samuel analysis

Amatil's investment in working capital has varied over the period shown above, with increases in FY17 and FY19 due to increased receivables from strong sales performance in December in Australia (and in Indonesia in FY19), the timing of cash collections and increased inventory to support growth, particularly in Papua New Guinea and New Zealand. Other adjustments in FY17 also reflected prepayments in relation to

[30] FY17 cash flow has been restated to show SPC as a discontinued operation.

[31] Cash realisation ratio is calculated as net operating cash flows divided by net profit after tax (before non controlling interests), adding back depreciation and amortisation expenses before tax. It is calculated on a post AASB19 basis in FY19 and FY20. The equivalent pre AASB16 cash realisation ratios were around 93% in FY19 and 115% in FY20.

the New South Wales container deposit scheme and movements in provisions. Lower working capital in FY18 was due to the year end balance date falling on a weekday (resulting in lower debtors) as well as improved supplier management and in FY20 was driven by improved debtors and tight inventory management. Working capital is generally at a low point in the cycle in June and December each year, coming off a peak in April/May and October/November as Amatil increases stock levels in preparation for the busy Easter, Christmas and other festive periods.

Amatil is a cash generative business, with a cash realisation ratio that is generally around or in excess of 100%. The cash realisation ratio was lower in FY17 due to the larger investment in working capital but has generally improved through to FY20 with disciplined working capital management (improved debtors and tight inventory management).

Capital expenditure was around $300 million FY17 and FY18 but fell to $229 million in FY19. The higher level of capital expenditure in FY17 and FY18 reflected increased expenditure on the Richlands automated warehouse project and new production lines. In FY19, capital expenditure declined as existing projects in Australia, New Zealand and Indonesia were deferred to FY20. In FY20, capital expenditure was also scaled back from levels in previous years. The expenditure was primarily on projects in Papua New Guinea and New Zealand that were committed to in FY19.

The decrease in net interest paid and tax paid in FY19 was due to reduced interest rates on Australian borrowings and higher interest rates on Indonesian and Papua New Guinea deposits and utilisation of deferred tax assets arising from prior period impairments that were realised as a result of the sale of SPC.

Amatil has historically paid a significant and increasing proportion of free cash flow as dividends at around 80% in FY17, increasing to almost 90% in FY19. However, the proportion fell to 45% in FY20 as a result of the lower dividend paid in 1HY20 (9 cents per share compared to 21 cents per share in 1HY19) plus a 4 cents per share special dividend paid in 1HY19 and an increase in free cash flow. The $350 million share buyback in FY17 was put in place in April 2017 following consideration of a number of capital management opportunities and the conclusion that the share buyback provided the most appropriate mechanism to return surplus capital to shareholders at that time.

3.6 Taxation Position

Amatil has a consolidated tax group for income tax purposes with each of its wholly owned Australian subsidiaries, the effect of which is to tax them as a single entity.

Amatil has no material recognised tax losses and minimal accumulated franking credits. At 31 December 2020, Amatil had:

- unrecognised capital losses with no expiry date of approximately $1.3 billion (potential tax benefit of $390 million). Amatil has determined that future capital gains to utilise these capital losses are not sufficiently probable and therefore no deferred tax benefit has been recognised; and
- a franking balance (before franking credits that would arise from the payment of income tax provided for in the FY20 financial statements) of $20.7 million[32].

[32] An additional $16 8 million in franking credits will arise from the payment of tax provided from in the FY20 financial statements, increasing the franking balance to $37.5 million.

3.7 Capital Structure and Ownership

3.7.1 Capital Structure

At 31 December 2020, Amatil had the following securities on issue:

- 723,999,699 ordinary shares; and
- 3,484,833 share rights.

Amatil operates a Long Term Incentive Plan ("LTIP") under which senior executives are granted share rights. Share rights have no dividend entitlements or voting rights. However, in general, each share right entitles the participant to receive one fully paid Amatil ordinary share for nil consideration subject to the achievement of certain pre-determined performance hurdles over a three year period. These shares are purchased on market or by the issue of new shares by Amatil once the LTIP vests. In the event of a change of control prior to the end of the performance period, the Amatil Board has the discretion to vest any unvested LTIP share rights.

Amatil also operates:

- short term incentive plans ("STIP") under which executives and senior leaders may be entitled to an award for achievement of established annual profit, revenue and individual business objectives. 60-80% of the post-tax award is paid as cash and the balance is deferred as restricted Amatil shares[33]. Half of the restricted Amatil shares are subject to a one year holding period and half are subject to a two year holding period. The shares are purchased on market and the executive receives dividends and voting rights on the shares during the holding period. At 31 December 2020, there were 106,818 restricted shares in the plan; and
- an employee share plan ("ESP") under which employees can elect to contribute up to 3% of their base salary to acquire shares in Amatil. The ESP is administered by a trustee which acquires shares (on market) and holds them on behalf of the participants. 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. Members of the ESP receive dividends on both vested and unvested shares held on their behalf. At 31 December 2020, there were 2,699,155 shares in the ESP, including 1,337,670 unvested shares. All shares were purchased on market.

Amatil operates a dividend reinvestment plan which enables shareholders to reinvest some or all of their dividends in ordinary shares (issued and/or acquired on market) at a price equal to the volume weighted average market price ("VWAP") of Amatil shares during the 10 trading days commencing on the third day after the record date for the dividend. The plan has been suspended for the dividend declared in respect of 2HY20.

3.7.2 Ownership

At 31 December 2020, Amatil had approximately 45,567 registered shareholders. The top ten shareholders accounted for approximately 86% of the ordinary shares on issue.

Other than TCCC, the top ten registered shareholders are principally institutional nominee or investment companies.

Amatil has received notices from the following substantial shareholders:

33 Note that there is no deferred component for any STIP awards in 2021.

AMATIL – SUBSTANTIAL SHAREHOLDERS

SHAREHOLDER	DATE OF NOTICE	NUMBER OF SHARES	PERCENTAGE[34]
TCCC[35]	5 October 2017	223,049,276	30.8%
UBS Group AG	22 February 2021	47,017,288	6.5%

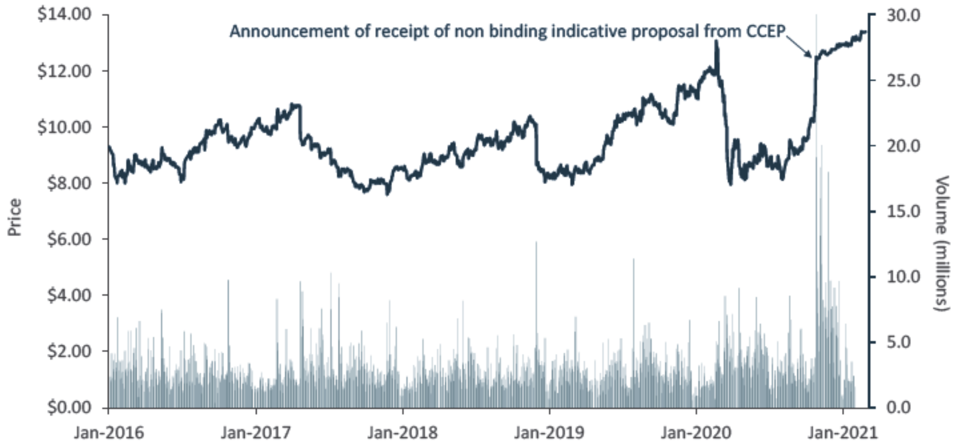
3.8 Share Price Performance

3.8.1 Share Price History

The following graph illustrates the movement in the Amatil share price and trading volumes since 1 January 2016:

AMATIL – SHARE PRICE AND TRADING VOLUME

JANUARY 2016 TO MARCH 2021



Source: IRESS

Over the four years prior to receipt of a non binding indicative proposal from CCEP, Amatil shares had generally traded in a range of $8.00-10.00, except for a brief period between July 2019 and February 2020. Positive momentum in the share price has been halted by the impact of industry and company specific factors including:

- announcement of a proposed container deposit scheme in New South Wales (May 2016);
- weaker than prior year trading over the Easter holiday period for the Australian NARTD beverages business, with further time required for the initiatives being implemented to address the structural changes in the market and rebalance the portfolio to gain traction (April 2017); and
- information provided at Amatil's 2018 Investor Day in November 2018, including the impact on FY18 results of Amatil's decision to reinvest approximately $40 million of cost savings in Australia, container deposit schemes implemented in New South Wales, the Australian Capital Territory and Queensland and soft market conditions in Indonesia. Amatil announced that Australian NARTD beverage volumes continued to track slightly below 2017, operational issues in Papua New Guinea continued to be resolved and SPC was expected to record a full year loss in FY18 of approximately $10 million. One off

34 Based on 723,999,699 shares on issue.

35 CCEP also has a relevant interest in the Amatil shares held by TCCC from 4 November 2020 as a result of entering into the Co-Operation and Sale Deed.

costs in FY18 of approximately $50 million were expected, primarily from cost optimisation programs (albeit offset by one off gains from property divestments).

Following the sale of SPC in June 2019, Amatil shares consistently traded at above $10.00 for an extended period. The share price reacted positively to the announcement of Amatil's 1HY19 financial results in August 2019 (where Amatil reported strong growth in revenue and earnings as a result of successful implementation of strategic initiatives and the expected completion of a two year transition period at the end of 2019) and following Amatil's Investor Day Presentation in November 2019. The share price reached a high of $13.18 following announcement of Amatil's FY19 financial results on 20 February 2020.

However, the share price suffered a steep decline through to the end of March 2020 as the impact of COVID-19 restrictions and government stimulus measures across Amatil's business operations became apparent. On 17 March 2020, Amatil withdrew its FY20 guidance (an expectation of mid-single digit earnings per share growth in FY20 and in the medium term). The Amatil share price reached a low of $7.77 on 23 March 2020. While there was a subsequent recovery in the share price, this was halted in mid-April 2020 when Amatil provided its COVID-19 response and a trading update. The share price generally traded in the range $8.00-9.00 over the next four months, with an uptick in the share price to as high as $9.81 following the release of better than expected (in the circumstances) 1HY20 financial results on 21 August 2020. Over the next two months, the share price continued its upward trend, breaching the $10.00 mark for the first time since March 2020 on 8 October 2020 as key markets such as Australia (apart from Victoria) and New Zealand were able to contain COVID-19 outbreaks and ease restrictions. The shares generally traded in the range $10.00-10.50 until Amatil went into a trading halt prior to the market opening on 23 October 2020 prior to the announcement that it had received a non binding indicative proposal from CCEP. Amatil's share price closed at $10.75 on 22 October 2020 and the VWAP on that day was $10.59.

Since 26 October 2020, Amatil shares have traded in the range $12.25-13.45 and at a VWAP of $12.86.

3.8.2 Liquidity

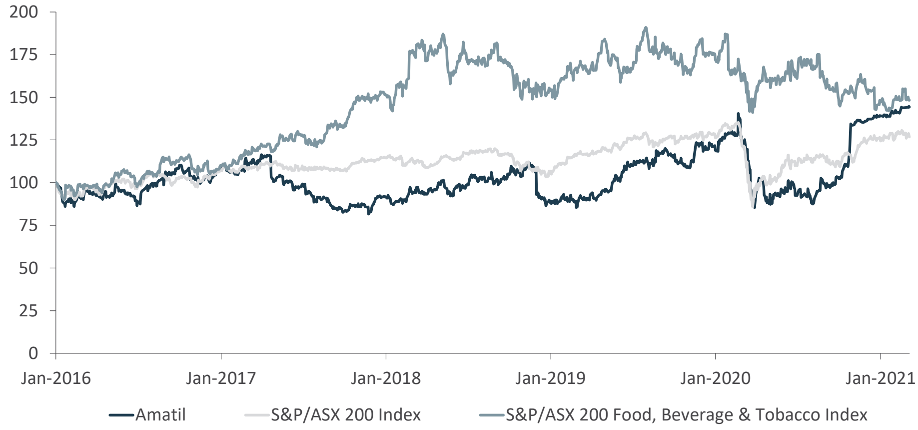
Amatil has been a liquid stock although it only has an approximate 70% free float. Average weekly volume over the twelve months prior the announcement that Amatil had received a non binding indicative proposal from CCEP represented approximately 2% of shares on issue or annual turnover in excess of 100% of total issued capital (155% of the free float).

3.8.3 Relative Performance

Amatil is a member of various indices including the S&P/ASX 100, S&P/ASX 200 and S&P/ASX 300 as well as the corresponding Staples indices (S&P/ASX 200 Staples Index and S&P/ASX 300 Staples Index) and Food, Beverage & Tobacco sub-indices (S&P/ASX 200 Food, Beverage & Tobacco Index and S&P/ASX 300 Food, Beverage and Tobacco Index). The following graph illustrates the performance of Amatil shares since 1 January 2016 relative to the S&P/ASX 200 Index and the S&P/ASX 200 Food, Beverage & Tobacco Index:

AMATIL VS S&P/ASX 200 INDEX VS S&P/ASX 200 FOOD, BEVERAGE & TOBACCO INDEX

JANUARY 2016 TO MARCH 2021



Source: IRESS

Amatil shares generally traded in line with the S&P/ASX 200 Index and the S&P/ASX 200 Food, Beverage & Tobacco Index from January 2016 until the April 2017 announcement of weaker than prior year trading over the Easter holiday period for the Australian NARTD beverages business. From that time up until mid to late 2018, Amatil shares generally underperformed both indices, although this needs to be considered in the context of:

- the S&P/ASX Food, Beverage & Tobacco Index substantially outperforming the S&P/ASX 200 over this period. While Amatil represents 24% of this index, the other two key constituents are The A2 Milk Company Limited ("A2 Milk") and Treasury Wine Estates Limited ("Treasury Wine Estates"), which represent 33% and 20% of the index, respectively. From April 2017 to April 2018, A2 Milk's share price increased by over 300% from $2.95 to $11.94, reflecting its stronger than expected growth, particularly success in China. Similarly, although less extreme, Treasury Wine Estates' share price increased by 45% from $11.96 to $17.55. Amatil's share price fell by around 7% and the S&P/ASX 200 Index was flat over the same period. Since January 2019, Amatil shares have generally traded in line with the S&P/ASX 200 Food, Beverage & Tobacco Index;
- Amatil's underperformance relative to the S&P/ASX 200 Index coincided with company specific announcements that have impacted its share price, in particular, the April 2017 announcement of weaker than prior year trading over the Easter holiday period for the Australian NARTD beverages business and the information provided at Amatil's 2018 Investor Day in November 2018. Amatil's share price has tended to react sharply to these announcements and then recover over time. Outside of these events, Amatil shares have largely traded in line with the S&P/ASX 200 (and at times outperformed this index, particularly following the release of its 1HY20 financial results in February 2020). Over the whole period from January 2016 to October 2020, Amatil's performance essentially matches that of the S&P/ASX 200 Index; and
- differential impacts of the COVID-19 pandemic. The initial impact of the COVID-19 pandemic on Amatil's share price was in line with the impact on the S&P/ASX 200 Index as a whole, but it appears that the extent of the impact of COVID-19 restrictions and economic conditions on Amatil's business operations was not fully appreciated until it announced its COVID-19 response and a trading update in mid-April 2020, when the Amatil share price declined but the S&P/ASX 200 Index continued to increase. However, in the latter part of the year Amatil caught up with the S&P/ASX 200 Index.

4 Business Operations

4.1 Australia

Overview

Amatil's main business operations in Australia are:

- the preparation, sale and distribution of 29 non alcoholic beverage brands to approximately 100,000 customers. Amatil's Australian NARTD beverage brand portfolio is summarised below:

AUSTRALIA – NARTD BEVERAGE BRAND PORTFOLIO

	TCCC OWNED	AMATIL OWNED	THIRD PARTY OWNED
Sparkling	*Coca-Cola, Sprite, Fanta, Lift*	*Kirks*	*Bisleri Chinotto*
Water	*Pump, Neverfail*	*Deep Spring, Mount Franklin*	
Energy	*Powerade*		*Monster, Mother*
Tea	*FUZE Tea*		
Juice	*Keri Juice*	*Fruitbox*	*Growers Choice, Refresh*
Dairy	*Barista Bros, Nutriboost*		

Source: Amatil

Amatil has entered into agreements with Monster Energy Company (a subsidiary of Monster Beverage Corporation) of up to 20 years giving it the exclusive right to produce, distribute and sell *Monster* and *Mother* energy drinks in Australia (and New Zealand).

Amatil has 13 production facilities and 13 warehouses across Australia;

- beer brewing, spirit packaging and coffee roasting and the sale, marketing and distribution of 59 alcoholic beverage brands and coffee. Amatil has a number of significant agreements, including with:
  - Beam Suntory, for the sale and distribution of Beam Suntory's premium spirits portfolio (*Jim Beam, Canadian Club, Maker's Mark, Roku, Yamazaki*) in Australia[36]; and
  - Molson Coors, for the exclusive right to manufacture and distribute a range of Molson Coors' products (*Molson Canadian, Miller Chill*) in Australia[37].

  Other third party brands *include Rekorderlig* and *Russian Standard.*

  Amatil owned brands are *Feral* (beer)[38] and *Grinders* (coffee, trading brand only). Amatil operates the Feral brewery (in Perth)[38] and a roastery in Fairfield (in Victoria); and

- a 50% interest in Australian Beer Company, which manufactures and sells alcoholic beverages including *Pressman's* cider and *Yenda* beer.

In Australia, Amatil manufactures, sells and distributes its products directly to customers through a segmented execution strategy that leverages consumer and customer insights to get the right portfolio of products in every outlet and maximise profitability across brand, pack and channel portfolios. In addition to its traditional sales teams, Amatil also utilises online selling platforms.

Amatil's Australian business has a tailored approach to channel segmentation that considers a number of elements including occasion based, "shopper mission", customer type, consumer type and product range across two primary NARTD beverage channels:

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36 This agreement initially covered Australia but has subsequently been extended (by a separate agreement) to New Zealand (see Section 4.2). The current Beam Suntory agreement for Australia runs for ten years from June 2015, while the New Zealand agreement runs for ten years from January 2016.

37 The agreement with Molson Coors was entered into in October 2016 and is due for renewal or extension in December 2021.

38 Feral Brewing Company Pty Ltd is a separate entity owned by Amatil.

- retail (grocery, convenience and petroleum), which generally represents around 60% of NARTD beverages volume; and
- on-the-go (national on premise, state immediate consumption[39], hotels, restaurants and cafés ("HORECA"), vending and licenced).

Grocery is the most important channel for Amatil's Australian business operations (consistently representing at least 50% of NARTD beverages volume) and there is a focus on ensuring success in this channel through optimising the range of products (using product quadrant analysis), managing space (to entice the shopper, reduce out of stocks and make the category easier to shop), maximising visibility (though point of sale material) and optimising price (with promotional calendars and seasonal packs).

The Beverage Market in Australia

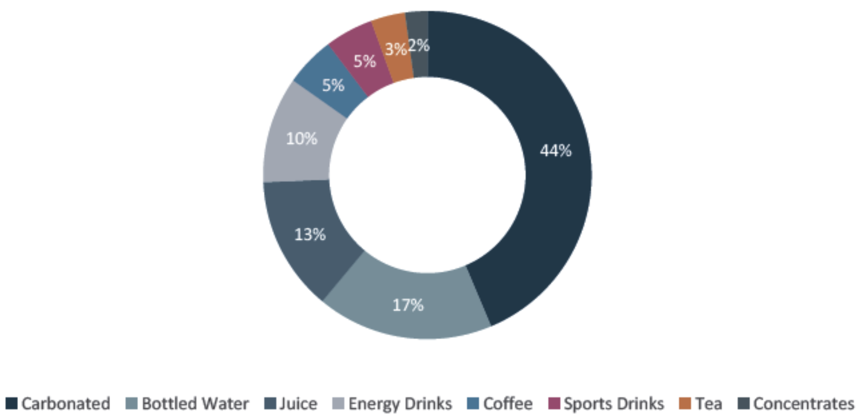
NON ALCOHOLIC READY TO DRINK BEVERAGES MARKET

i. Size and Composition

Australia's NARTD beverages market[40] was worth $13.8 billion in sales in 2019. The composition of the Australian NARTD beverages market has shifted in recent years due to changing consumer preferences, with increased consumer health awareness pushing demand away from carbonated (or sparkling) beverages and replaced by healthier options such as bottled water. However, while bottled water, juice and energy drinks have increased their share of the NARTD beverages market, the NARTD beverages market remains dominated by carbonated beverages (which still has a greater share of the market than bottled water, juice and energy drinks combined):

AUSTRALIAN NARTD BEVERAGE MARKET – COMPOSITION

2019 SALES VALUE



Source: Euromonitor International, Soft Drinks in Australia, March 2020. Excludes flavoured milk

ii. Consumption Growth

Australian NARTD beverage consumption per capita is above the global average and is supported by the country's high quality of life standards with high disposable income and household net wealth[41]. However,

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39 State immediate consumption is State operational accounts such as takeaway food service, bakery, mixed business and newsagents.

40 The NARTD beverages market excludes fresh white milk but includes flavoured milk. The Euromonitor International data does not include flavoured milk.

41 Source: OECD Better Life Index.

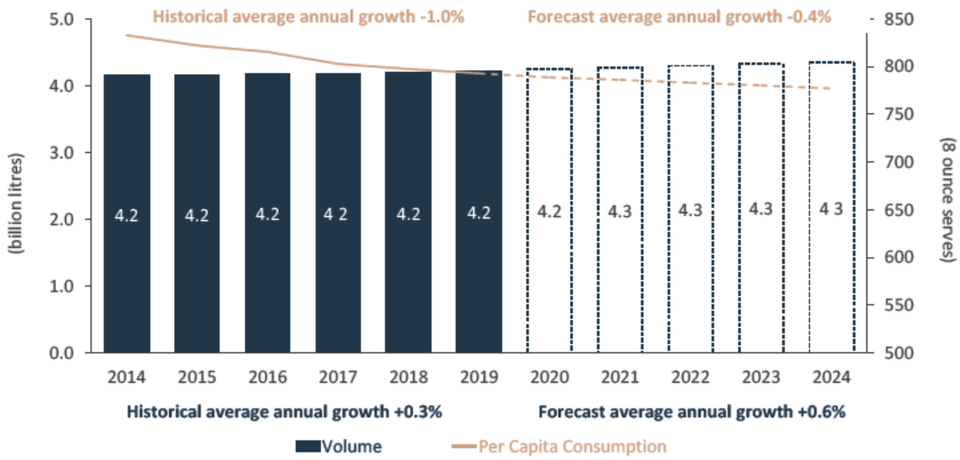
while the economic environment has remained stable, per capita consumption of NARTD beverages has declined in recent years as a result of:

- reduced consumption of carbonated beverages, which has declined by 3.4% per annum over the past five years (although the deterioration has slowed with the introduction of low/no sugar products). Growth in emerging categories such as ready to drink tea and coffee and energy beverages have not been able to fully offset this decline;
- declining income per capita, which has fallen by an average of 3.4% per annum over the past five years; and
- Australia's ageing population, which reduces the core target market for NARTD beverages. The percentage of the Australian population aged between 10 and 30 years is expected to decline from 26.7% in 2014 to 24.9% in 2025[42].

However, Australia has had relatively high population growth for a developed country (averaging around 1.5% per annum over the past five years) and as a result, total NARTD beverage volumes have remained flat with average growth in the NARTD beverages market of 0.3% per annum in volume (and 1.8% per annum in value) since 2014:

AUSTRALIAN NARTD BEVERAGE MARKET - TOTAL AND PER CAPITA CONSUMPTION

2014 TO 2024



Source: Euromonitor International, Soft Drinks in Australia, March 2020 and World Bank. Dotted lines reflect Euromonitor forecasts. Note that these forecasts do not reflect the impact of the COVID-19 pandemic on total and per capita consumption. Per capita consumption is based on NARTD consumption data from Euromonitor and population growth forecasts from World Bank.

While lockdown measures and reduced consumer confidence from the COVID-19 pandemic have had an impact on consumption, unprecedented levels of macroeconomic support from the Australian government (including temporary wage subsidies and fiscal stimulus) and the general easing of restrictions and containment measures in the second half of 2020 have supported increased mobility and consumption, including of NARTD beverages. While it is difficult to be precise about the trajectory of the recovery and whether there will be a subsequent wave of COVID-19 cases, Australia's response to the pandemic has underpinned the relatively quick economic turnaround with overall NARTD consumption expected to return to FY19 levels relatively quickly.

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42 Source: United Nations, Department of Economic and Social Affairs, Population Division, World Population Prospects: The 2019 Revision.

Medium term growth in the NARTD beverages market is expected to be modest (with declining per capita consumption), with continued growth in bottled water and ready to drink tea supplemented by further evolution of the product offering including:

- product innovation, providing consumers with new choices and varieties, including limited edition flavours (e.g. *Coca Cola Peach No Sugar*, *Pepsi Max Raspberry*); and
- healthy alternatives, such as more reduced sugar or sugar free options (including flavoured mineral water) or new products with added healthy ingredients. The Australian Beverages Council has announced that its members will reduce sugar in their beverages by 20% by 2025. Industry leaders such as Amatil, Asahi Lifestyle Beverages[43] (the PepsiCo, Inc. ("PepsiCo") distributor in Australia) and Frucor Beverages Group Limited ("Frucor")[44], are members of this industry group. Growth in healthier alternatives extends to non carbonated beverages such as ready to drink tea and bottled water.

iii. Distribution Channels

There are two main distribution channels for NARTD beverages in Australia, on-trade and off-trade:

- on-trade channels (equivalent to Amatil's "on-the-go" channel) include bars, restaurants, coffee shops, clubs, hotels, etc. and represented 11% of volumes and 28% of value in 2019 (low volume, higher margin channel). The impact of the COVID-19 pandemic (lower disposable incomes and consumer confidence and government restrictions on operating hours) have resulted in lower consumption through on-trade channels; and
- off-trade channels (equivalent to Amatil's "retail" channel) are primarily retail outlets (hypermarkets, supermarkets and small grocers) which represented 89% of volumes and 72% of value in 2019 (high volume, lower margin channel). While these channels have benefited from the temporary decline in consumption through on-trade channels during 2020, the increase has not been sufficient to offset an overall decline in volumes.

Amatil has a significantly greater exposure to on-trade channels than the market as a whole, reflecting the greater presence of carbonated beverages in these channels (compared to bottled water and juice) and the extent of its contracts with a broad range of "out of home" venues.

iv. Competitive Environment

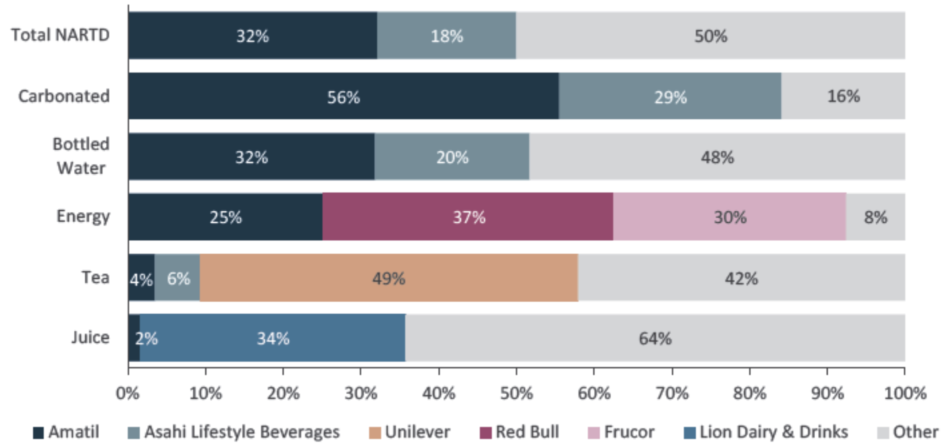
The Australian NARTD beverage market is concentrated with clear leaders in each core segment. The market is dominated by Amatil and Asahi Lifestyle Beverages, reflecting their leading positions in the carbonated and bottled water beverage categories. Together, Amatil and Asahi Lifestyle Beverages represent 85% of the carbonated beverages, 52% of the bottled water and 50% of the overall NARTD beverages market:

[43] Formerly Schweppes Holdings Pty Ltd ("Schweppes Australia"), a division of Asahi Group Holdings Ltd. ("Asahi").

[44] A wholly owned subsidiary of Suntory.

AUSTRALIAN NARTD BEVERAGE MARKET – KEY CATEGORY MARKET SHARE

2019, BY VALUE



Source: Euromonitor International, Soft Drinks in Australia, March 2020. Excludes flavoured milk

Other category leaders primarily specialise within specific, but smaller, categories. For example, Unilever has a 49% share of the ready to drink tea category with its *Lipton* brand and Lion Dairy & Drinks[45] leads the juice category with 34% share of the market.

While branded beverages represent the majority of the market, penetration of private label beverages has increased in recent years, growing to 12.5% of total volumes in 2019. Private label beverages predominantly compete on price as they lack the brand equity to command higher prices and sustain a larger share of the market.

v. Regulation

In recent years, environmental initiatives in the form of container deposit schemes have been introduced across Australia. Under these schemes, an initial deposit is levied on the consumer for each drink container (i.e. can or bottle) purchased. Containers are returned for a cash refund equivalent to the initial deposit. South Australia was an earlier adopter of the container deposit scheme in 1977, with the Northern Territory, New South Wales, the Australian Capital Territory, Queensland and Western Australia implementing similar schemes over the past ten years[46,47]. Due to the higher upfront cost to the consumer, the container deposit scheme was expected to reduce consumption. For example, the New South Wales scheme was estimated to increase expenditure by 3.2% and reduce consumption by 6.7%[48]. However, as consumers begin to grow more aware of the benefits of the programme, consumption rates have normalised.

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45 On 26 November 2020, Bega Cheese Limited ("Bega Cheese") announced that it has entered into a binding Share Sale and Purchase Agreement to acquire all the shares in Lion Dairy & Drinks for a net acquisition price of $534 million. Completion of the acquisition occurred on 25 January 2021.

46 Source: Australian Beverages, Container Deposit Schemes.

47 To date, Victoria has not announced an intention to introduce a container deposit scheme. Tasmania is expected to launch its scheme in 2022.

48 Source: NSW Container Deposit Scheme – Impact on beverage expenditure and consumption (prepared for Independent Pricing and Regulatory Tribunal), The Centre for International Economics, 3 December 2018.

ALCOHOLIC BEVERAGES MARKET

Consumption of alcoholic beverages in Australia has grown at an average rate of 2.2% per annum since 2014, reaching 3.2 billion litres in 2019. Total sales value has grown at a slightly higher rate of 4.8% per annum over the same period, reflecting growing consumer preference for premium brands[49]. However, consumption has been heavily impacted by the COVID-19 pandemic, with Euromonitor estimating that consumption spend will decline by 19.4% in 2020[50]. This decline is heavily driven by weaker on-trade volumes, which are expected to decline by approximately 50% in 2020.

Beer and wine are the leading categories, representing 66% and 20% of 2019 sales volumes respectively, with spirits and ready to drink beverages comprising 10% of sales volumes. Beer consumption has grown faster than the overall industry due to the increasing popularity of craft and locally produced beers. This shift has led to an increase in business acquisitions, particularly by large foreign companies, which has driven consolidation in the market (e.g. Asahi's $16 billion acquisition of Carlton & United Breweries Australia ("CUB") in 2020) and acquisitions of numerous craft brewers by major brewers. Spirits represent a smaller share of the market but have benefited from evolving consumer tastes over the past two years, particularly for niche and premium brands. Growth in consumption of spirits has accelerated from 0.2% per annum over the 2015-2017 period to around 3.5% per annum in 2018 and 2019.

COFFEE MARKET

The coffee roasting market in Australia is worth over $2 billion in sales in annually, with demand supported by Australia's "coffee culture". It is a fragmented market with the top 11 participants (Vittoria Coffee, Suntory Coffee, Lavazza, Amatil, Retail Food Group, Veneziano Coffee Roasters, Campos, Allpress Espresso, Coffex Coffee Roasters, Primo Caffe and Schibello Caffe) collectively holding an estimated 29% market share (contributing around $600 million in sales) and the remainder of the market comprising around 700 companies (with average turnover of greater than $2 million per annum).

Although severely impacted by the COVID-19 pandemic as well as increasing competition in the market from coffee capsules and increasing coffee prices, the coffee roasting market is expected to return to growth in 2021. Overall industry revenue is projected to grow at an average of 2.9% per annum over the next five years[51].

Strategy

Leading into the years up to 2017, Amatil's Australian business was adversely impacted by competitive pressures in the sparkling (especially cola) and water categories, a continuing shift in channel mix away from state immediate consumption in the on-the-go channel and the impact of inflation on a high fixed cost base.

The Accelerated Australian Growth Plan, announced in November 2017, was introduced to prioritise investment by Amatil's Australian business between the core portfolio (i.e. cola, water) and investing in strategic growth areas (e.g. energy, value-added dairy) and to deliver improved execution in existing and new channels. As the domestic NARTD beverages market leader, Amatil's Australian business was overexposed to the sparkling category. The new strategy sought to rebalance its portfolio while protecting and invigorating its core. Investment was required to deliver the plan, including additional targeted investment in price to drive competitiveness, advanced analytics and investment in production capability (including the Richlands facility in Queensland).

Amatil began realising the benefits of its Accelerated Australian Growth Plan in FY19, but progress has been halted by the COVID-19 pandemic. In response to the increased economic uncertainty, Amatil temporarily put its Australian growth strategy on hold to focus on accelerating cost and productivity initiatives and

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49 Source: Euromonitor International, Alcohol in Australia, September 2020.

50 Source: Euromonitor International, Alcohol in Australia, September 2020.

51 Source: IBISWorld: Coffee Bean Distributors in Australia, July 2020.

increasing cash flow certainty. In April 2020, the company announced a series of measures that reduced direct marketing expenditure, generated overhead savings and deferred capital expenditure to FY21. These actions were complemented by the "Fighting Fit" initiatives in announced in August 2020 which aimed to recalibrate Amatil's cost model in Australia (i.e. organisation support functions, distribution and logistics, production efficiency and channel strategy) with evolving consumer needs.

Operating Performance

The historical operating performance of Amatil's Australian business from FY18 to FY20 is summarised below[52]:

AUSTRALIA - OPERATING PERFORMANCE ($ MILLIONS)

	FY18 ACTUAL PRE AASB16	FY19 PRO FORMA PRE AASB16	FY20 PRO FORMA PRE AASB16
Volume (million unit cases[53])	*335.2*	*338.7*	*324.5*
Trading revenue per unit case	*$8.84*	*$8.99*	*$9.05*
Trading revenue	2,964.4	3,044.6	2,936 9
Other revenue	17.6	15.4	13.4
Operating revenue	**2,982.0**	**3,060.0**	**2,950.3**
Operating EBITDA	**488.0**	**488.3**	**428.7**
Depreciation and other amortisation	(61 9)	(72 5)	(75.0)
Operating EBIT	**426.1**	**415.8**	**353.7**
Share of profit from equity accounted investments	(0 5)	(0 5)	(0 8)
Reported EBIT	**425.6**	**415.3**	**352.9**
Capital expenditure	112 8	58 3	44.7
STATISTICS			
Volume growth		*+1.0%*	*-4.2%*
Trading revenue growth		*+2.7%*	*-3.5%*
Operating EBITDA growth		*+0.1%*	*-12.2%*
Operating EBIT growth		*-2.4%*	*-14.9%*
Operating EBITDA margin	*16.4%*	*16.0%*	*14.5%*
Operating EBIT margin	*14.3%*	*13.6%*	*12.0%*
Return on capital employed		*26.9%*	*20.9%*

Source: Amatil and Grant Samuel analysis

The operating performance of Amatil in Australia reflects the maturity of the Australian NARTD beverages market, with volume and revenue growth largely achieved through product innovation and increases in market share:

- in FY18, volume share (but not volume) increased in sparkling and still beverages, led by the success of *Coca-Cola No Sugar* as consumers continued to move towards low and no sugar choices. There was also strong volume growth in dairy and energy and volume share gains in water, although water volumes declined in 2HY18 following changes to promotional strategies with major customers; and
- FY19 was the first time in seven years that Amatil's Australian business achieved revenue growth. *Coca-Cola No Sugar* continued to perform strongly in FY19, and, combined with successful execution of Australian Accelerated Growth Plan initiatives (including a focus on core range products, key selling weeks, driving growth in the state immediate consumption channel and targeted marketing initiatives such as the "Share a Coke" campaign), the business generated both volume and revenue growth. Volume growth was achieved despite the negative impact from introduction of a container deposit

[52] As a result of the organisational restructure in September 2019 to report Amatil's beverage categories on a geographical basis, historical operating performance prior to FY18 is not available.

[53] A unit case is the equivalent of 24 x 8 US ounce (237ml) serves or 5.678 litres and includes coffee (using a conversion formula).

scheme in Queensland. Underlying volumes of water were solid despite ceasing sales of the low value/margin *Peats Ridge* brand in Officeworks and some further rate realisation in grocery. Energy and dairy performed well, driven by continued popularity of *Monster* and *Nutriboost*. Volume growth was achieved across all key channels, with on-the-go enhanced by additional volumes in Hungry Jacks and McDonald's as well as the addition of Pizza Hut as a customer.

However, growth in volumes and revenue has not translated to earnings. In FY18, earnings were impacted by Accelerated Australian Growth Plan investments and implementation of container deposit schemes. Margins continued to fall in FY19 (on a pre AASB16 basis), resulting in flat EBITDA compounded by an increase in depreciation and amortisation associated with prior year capital expenditure.

Amatil's alcohol and coffee business in Australia has consistently generated strong growth in revenue and earnings but represents a relatively small component of the business (around 15% of trading revenue). While there has been competitive pressure in some segments of the beer market, this has been more than offset by growth in *Canadian Club* (through effective marketing and sales execution), including the addition of *Canadian Club Zero Sugar Dry* in FY19, and the launch of new products (e.g. *Roku*, *Koyomi*). Strong growth in the grocery channel for coffee has been driven by increased store penetration and promotional activity. *Grinders* became the third biggest bean brand in Australia in FY18.

In 1HY20, there was a dramatic change in behaviour as consumers adapted to COVID-19 restrictions. Australia's NARTD beverages business saw a material transition of volume to lower margin channels (e.g. grocery and national quick service restaurants) and a shift to lower margin at-home consumption packs (e.g. multi-serve PET and multi-pack cans). The alcohol and coffee business was also adversely impacted by a decline in coffee sales due to outlet closures and trading restrictions in the on-premise channel although in contrast, alcohol sales increased. 1HY20 volumes fell by 8.1% (compared to the prior corresponding period) and trading revenue fell by 8.8%. There was an improvement in trading conditions in 2HY20, including a recovery in on-the-go channels, albeit at different rates across the States depending on the level of COVID-19 pandemic restrictions (e.g. volume declines in Victoria and volume increases in Western Australia). While 2HY20 volumes declined by 0.7%, overall fourth quarter volumes increased by 0.4%. However, volumes continued to be weighted towards the grocery channel (for FY20, grocery volumes were up by 4.3% while on-the-go volumes were down by 16.4%) and pressure on margins continued. While the Australian business was able to partially offset the decline in EBITDA through cost management initiatives (not all of which are permanent), lower volumes and revenue resulted in reduced capacity to absorb fixed costs such as production, sales and support expenses.

Outlook

The structural repercussions of COVID-19 have yet to be determined. As consumer behaviours have shifted towards at-home consumption, Amatil's Australian business has invested in a cost structure that aims to align with its new environment. While the expected economic trajectory in a post-COVID environment remains uncertain, restrictions in Australia have relaxed substantially and helped drive improving volume trends in recent months.

To provide an indication of the expected future financial performance of Amatil's Australian business, Grant Samuel has considered broker forecasts (see Appendix 1) as follows:

AUSTRALIA – FORECAST FINANCIAL PERFORMANCE ($ MILLIONS)

	FY20 PRO FORMA PRE AASB16	ADJUSTED BROKER CONSENSUS (MEDIAN)	
		FY21	FY22
Trading revenue	2,936.9	3,078.1	3,172.3
Operating EBITDA	428.7	493.3	538.5
Operating EBIT	353.7	413.2	457.9
Reported EBIT	352.9	413.2	457.9

Source: Grant Samuel analysis (see Appendix 1)

The broker consensus forecasts have been adjusted to reverse the impact of AASB16 (based on the actual adjustment in FY19) and remove from operating EBIT and operating EBITDA the budgeted and forecast share of profit from equity accounted investments (see Appendix 1 for details).

The adjusted median consensus broker forecasts are sufficiently close to Amatil's FY21 Budget and FY22 Forecast for its Australian business to be useful for analytical purposes.

4.2 Pacific

Overview

Amatil's Pacific region represents its business operations in New Zealand, Fiji and Samoa. The main business operations are in New Zealand and comprise:

- the preparation, sale and distribution of 32 non alcoholic beverage brands to approximately 17,400 customers. Amatil's New Zealand NARTD beverage brand portfolio is summarised below:

NEW ZEALAND – NARTD BEVERAGE BRAND PORTFOLIO

	TCCC OWNED	AMATIL OWNED	THIRD PARTY OWNED
Sparkling	*Coca-Cola, Sprite, Fanta, Lift, Schweppes*	*L&P*	
Water	*Kiwi Blue*	*Deep Spring, Pump*	
Energy	*Powerade*		*Mother*
Tea	*FUZE Tea*		
Juice	*Keri Juice*	*Baker Halls*	

Source: Amatil

Amatil has four major production facilities in Auckland (all beverages and roastery), Putararu (water bottling) and Christchurch (NARTC beverages) and four distribution warehouses across the country; and

- the sale, marketing and distribution of 48 alcoholic beverage brands and coffee. Key alcohol brands include *Jim Beam*, *Canadian Club*, *Makers Mark*, *Hibiki*, *Laphroig*, *Russian Standard*, *Sipsmith*, *Midori*, *Magners* and *Fortune Favours*. Key coffee brands include *Grinders, Zyphyr, Fix* and *Café Direct*.

In Fiji, Amatil is involved in:

- the preparation, sale and distribution of 13 non alcoholic beverage brands to approximately 3,100 customers. Amatil's Fiji NARTD beverage brand portfolio is summarised below:

FIJI – NARTD BEVERAGE BRAND PORTFOLIO

	TCCC OWNED	AMATIL OWNED	THIRD PARTY OWNED
Sparkling	*Coca-Cola, Sprite, Fanta, Lift, Schweppes*		
Water		*Deep Spring*	
Energy	*Powerade*		*Monster, Mother*
Tea	*FUZE Tea*		
Juice		*Frubu, Jucy*	

Source: Amatil

Amatil has a production facility in Suva (NARTD beverages and brewery), a distillery in Lautoka and distribution warehouses at Lautoka and Labasa; and

- an 89.6% interest in Paradise Beverages, which brews, distils, markets, sells and distributes a portfolio of premium alcohol brands. Key brands include *Vonu, Fiji Gold*, *Fiji Bitter*, *Bounty with Cola*, *Joskes*, *Tribe*, *Moni*, *Sili*, *Ratu, Bati, Bounty*, *Regal* and *Czarina*. Paradise Beverages has a brewery in Suva and a distillery in Lauktoka. Its shares are listed on the South Pacific Stock Exchange.

Paradise Beverages owns a 93.9% interest in Samoa Breweries, which brews, markets, sells and distributes the *Vailima* beer brand, predominantly for the domestic market. Samoa Breweries also bottles *Coca-Cola* and other soft-drink brands. Samoa Breweries has a brewery in Apia.

In New Zealand, Amatil has a similar route-to-market model and channel segmentation as Australia, although a key difference is that it operates a contractor model with "Red Trucks" for distribution of product across the country. In New Zealand and Fiji, Amatil offers a high-touch, face to face customer service model with less online and telephone based selling. The key channels in the Fijian market are foodstore/grocery, petroleum, general route and resort.

The Beverage Market in the Pacific

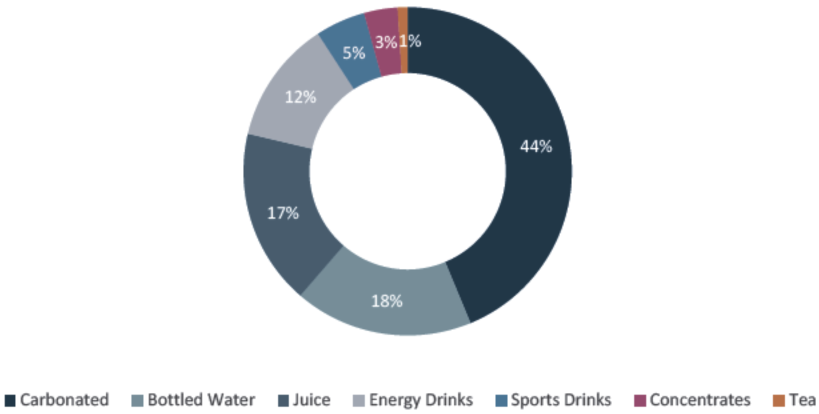
NEW ZEALAND

i. Size and Composition

New Zealand's NARTD beverages market was worth NZ$1.4 billion in sales in 2019. Similar to Australia, the market is dominated by carbonated beverages, bottled water and juice:

NEW ZEALAND NARTD BEVERAGE MARKET – COMPOSITION

2019 SALES VALUE



Source: Euromonitor International, Soft Drinks in New Zealand, January 2020. Coffee has not been shown in the chart as it represents less than 0.5% of the New Zealand NARTD beverages market. Also excludes flavoured milk

The aggregate market share of carbonated (or sparkling) beverages, bottled water and juice has remained consistent at around 80% since 2014, although carbonated beverages' share of total consumption has progressively declined as demand for healthier alternatives (e.g. bottled water) has grown. The decline in carbonated beverages' share of the New Zealand NARTD beverages market has been partly mitigated by the recent emergence of targeted reduced sugar or no sugar varieties of existing carbonated beverages.

ii. Consumption Growth

The New Zealand NARTD beverages market closely mirrors trends observed in Australia. Both countries have among the highest quality of life standards in the world[54] and also have above average per capita NARTD beverage consumption rates. However, per capita consumption in New Zealand is well below that in Australia.

There has been a decline in consumption of traditional carbonated beverages in recent years as consumer tastes have shifted towards healthier (e.g. low or no sugar) options. Product innovation, particularly for

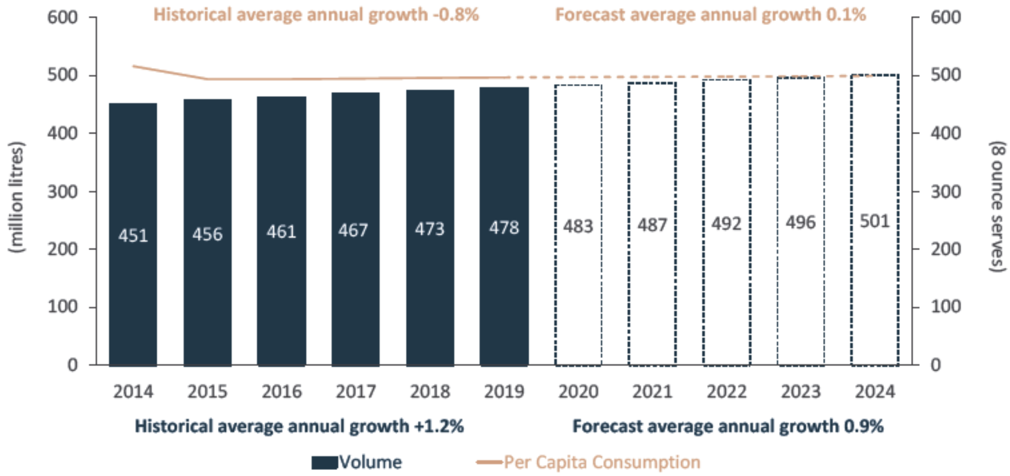
[54] Source: OECD Better Life Index.

new flavours and healthier alternatives, and strong marketing and distribution execution by local industry leaders served to minimise the impact. In addition, growth from emerging categories such as bottled water, including natural mineral, spring and flavoured options, have enabled per capita consumption of NARTD beverages to remain flat.

Accordingly, the aggregate New Zealand NARTD beverages market delivered modest growth due to the expanding population, averaging 1.2% growth per annum in volume (and 1.8% growth per annum in value) since 2014:

NEW ZEALAND NARTD BEVERAGE MARKET – TOTAL AND PER CAPITA CONSUMPTION

2014 TO 2024



Source: Euromonitor International, Soft Drinks in New Zealand, January 2020, World Bank. The decline in per capital consumption between 2014 and 2015 is primarily due to an increase in population that was not met with a corresponding increase in consumption. Dotted lines reflect Euromonitor forecasts. Note that these forecasts do not reflect the impact of the COVID-19 pandemic in total and per capital consumption. Per capita consumption is based on NARTD consumption data from Euromonitor and population growth forecasts from World Bank.

Consumption trends were temporarily disrupted by the COVID-19 pandemic. In response to the COVID-19 pandemic, the New Zealand government has been proactive in enacting restrictions and providing fiscal support to the economy. While the extreme restrictions had an immediate negative impact on economic activity (including NARTD beverage sales), they allowed the country to control the spread of the virus and ease restrictions sooner than many other countries, including Australia. As a consequence, the impact on 2020 volumes has been minimal.

The historical trends are expected to continue. Euromonitor International has forecast modest volume growth in the total market (0.9% per annum) implying flat per capita consumption but Amatil management believes the growth prospects are stronger than these projections.

iii. Distribution Channels

The NARTD beverages market in New Zealand employs similar routes-to-market as Australia. However, on-trade comprises a larger share of the distribution, which is around 15% of total FY19 volumes in New Zealand as opposed to around 10% of volumes for Australia.

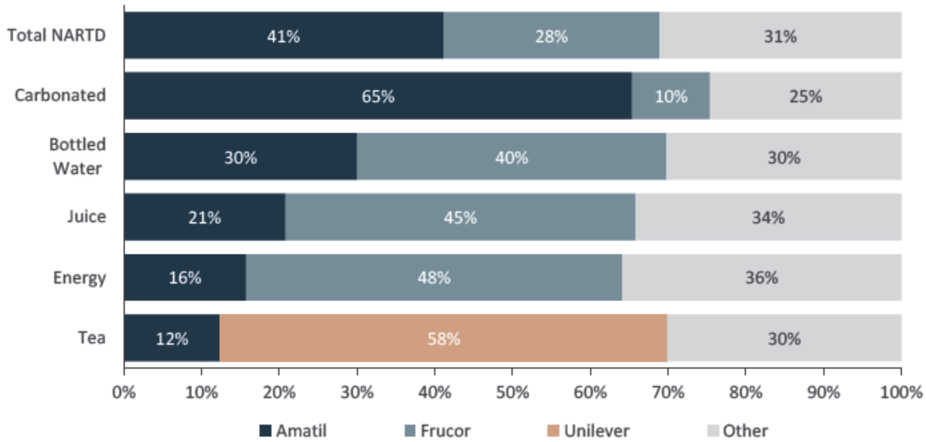
iv. Competitive Environment

The New Zealand NARTD beverages market is concentrated with clear market leaders in each core segment. Two participants, Amatil and the Suntory owned Frucor (the PepsiCo distributor in the New

Zealand market as well as the owner of the *V* (energy), *Just Juice* (juice), *NZ Natural* (bottled water) and *H2Go* (bottled water) brands), have 41%[55] and 28% of the market respectively:

NEW ZEALAND NARTD BEVERAGE MARKET – KEY CATEGORY MARKET SHARE

2019, BY SALES VALUE



Source: Euromonitor International, Soft Drinks in New Zealand, January 2020. Excludes flavoured milk

Amatil and Frucor consistently hold leading positions across each of the largest segments other than tea, where Unilever's Lipton brand has the leading position with a 58% market share.

v. Regulation

New Zealand is considering the implementation of a container deposit scheme. However, the design and timing of implementation of any container deposit scheme have yet to be finalised.

FIJI

Fiji is the fourth largest country in Oceania behind Australia, Papua New Guinea and New Zealand, with a population of close to 900,000. Population growth has been relatively flat over the past 10 years at an average of 0.4% per annum. Income levels are fairly high relative to other Pacific Islands but remain below developed market averages despite gross domestic product ("GDP") per capita growing by more than 6% per annum over the past decade. Fiji also has one of the lowest poverty rates in the region[56]. Growth in Fiji's NARTD beverages sector is reliant on:

- tourism, which represented almost 40% of GDP in 2018. Fiji's border closures in response to the COVID-19 pandemic have depressed the economy as resorts have shut down due to a lack of international visitors. This has flowed through to domestic demand, as a majority of the workforce is employed in the services sector (tourism, retail trade, restaurants and transport). Estimates indicate a 20-25% reduction on GDP in 2020 before a moderate recovery of around 5% in 2021[57]; and
- economic stability. Fiji is exposed to seasonal tropical cyclones which interfere with its development (i.e. physical infrastructure, welfare of inhabitants and business operations). In addition, the country

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[55] Management of Amatil's New Zealand business estimates that its moving annual total turnover share of the New Zealand NARTD market has increased from 46% to 49% since 2016. The discrepancy with Euromonitor data may be explained by Amatil's larger share of the non scan market in New Zealand.

[56] Source: World Bank Group, Poverty & Equity brief – Fiji, April 2018.

[57] Source: World Bank Group, From Containment to Recovery, October 2020.

has had periods of political instability, although the country has been relatively stable following the 2014 elections[58].

Annual alcohol consumption has remained constant at three litres per capita between 2010 and 2016 (last recorded date). While well below annual per capita consumption in Australia and New Zealand (both around 10-11 litres), this is well above its other Pacific Island peers. As part of the government stimulus measures associated with managing the COVID-19 pandemic, the excise tax on alcohol has been temporarily reduced by 50% to stimulate the tourism industry and domestic spending[59].

Strategy

The strong performance of Amatil's Pacific region since 2015 has been underpinned by its commitment in New Zealand to growing its core categories, developing a high-touch direct-to-customer network and enhancing production capacity and efficiency. These initiatives continue to be key priorities for the business as it seeks to maintain its market leading position across the New Zealand NARTD beverages market and drive overall market growth.

Deploying "feet-on-the-street" has helped create opportunities to engage with retailers and better align the supply chain with end consumption. While close to half of Amatil's revenues in New Zealand are generated from large grocery chains or co-ops such as *Countdown*, *Foodtown* and *PAK'nSAVE*, the remainder of the business is generated from over 16,000 customers spread across the country.

Operating Performance

The historical operating performance of Amatil's Pacific region from FY18 to FY20 is summarised below:

PACIFIC - OPERATING PERFORMANCE[60] ($ MILLIONS)

	FY18 ACTUAL PRE AASB16	FY19 PRO FORMA PRE AASB16	FY20 PRO FORMA PRE AASB16
Volume (million unit cases)	*82.5*	*85.0*	*82.9*
Trading revenue per unit case	*$9.16*	*$9.52*	*$9.80*
Trading revenue	755.6	809 2	812.7
Other revenue	12.1	13 0	12.6
Operating revenue	**767.7**	**822.2**	**825.3**
Operating EBITDA	**156.3**	**168.8**	**166.6**
Depreciation and other amortisation	(35 9)	(37.4)	(37.0)
Operating EBIT	**120.4**	**131.4**	**129.6**
Capital expenditure	44.4	35 3	34.8
STATISTICS			
Volume growth		*+3.0%*	*-2.5%*
Trading revenue growth		*+7.1%*	*+0.4%*
Operating EBITDA growth		*+7.9%*	*-1.3%*
Operating EBIT growth		*+9.1%*	*-1.4%*
Operating EBITDA margin	*20.4%*	*20.5%*	*20.2%*
Operating EBIT margin	*15.7%*	*16.0%*	*15.7%*
Return on capital employed		*24.1%*	*24.1%*

Source: Amatil and Grant Samuel analysis

58 Source: World Bank Group, Republic of Fiji – Systematic Country Diagnostic.

59 Source: Republic of Fiji Ministry of Economy, Economic and Fiscal Update Supplement to the 2020-2021 Budget Address, 17 July 2020.

60 The operating performance of Amatil's business operations in the Pacific region includes 100% of Paradise Beverages (i.e. it is not shown net of the 10.4% non controlling interest).

Amatil's business in New Zealand represents the vast majority of the Pacific region, generating almost 85% of trading revenue and EBIT in FY19 (and an even higher proportion in FY20 given the greater impact of COVID-19 on Amatil's business operations in Fiji).

The Pacific region NARTD beverages business generated strong growth in volumes, revenue and earnings in FY18 and FY19 as it focused on execution. In FY18, the New Zealand business was able to achieve volume, revenue and earnings growth despite following a strong FY17 performance and unfavourable weather in December 2018. Volume growth and value share were achieved across sparkling and still categories and there was volume growth across all major channels. This momentum continued in FY19. Amatil's Fijian business achieved volume and revenue growth in sparkling and stills categories across all channels in FY18 and was able to deliver volume and earnings growth in FY19 despite challenging economic conditions and unstable weather.

Amatil's NARTD beverages business in New Zealand has been resilient in FY20, despite level 4 COVID-19 lockdown restrictions being in place across New Zealand in April 2020 and 75% of on-the-go customers being closed. As COVID-19 restrictions have eased, performance has improved. Volumes and revenue declined in 1HY20 but returned to growth in 2HY20 (across all channels) so that overall volumes for FY20 were flat. Combined with strong pricing, trading revenue in FY20 increased by 3.6% compared to FY19 and the business was able to deliver relatively stable EBIT margins of around 16% (4% higher than those achieved by Amatil's Australian business). As a result of the strong performance of Amatil's New Zealand business, Amatil made the decision to repay the NZ$7.2 million in COVID-19 stimulus support received from the New Zealand government in May 2020.

In contrast, the combined impact of Cyclone Harold and COVID-19 restrictions severely impacted the tourism industry in Fiji, resulting in volume, revenue and EBIT declines in 1HY20 compared to the prior corresponding period. In light of these factors and the prescribed approach to assessing carrying values under the accounting standards, Amatil incurred a non cash impairment charge of $14.7 million (post tax and non controlling interest) in the Paradise Beverages business in 1HY20 (not included in the table above). The trading performance in Fiji and Samoa in 2HY20 continued to be adversely impacted by the COVID-19 pandemic.

Alcohol and coffee represents approximately 20% of trading revenue and is primarily from sales in New Zealand and the Paradise Beverages business. FY18 revenue and earnings benefited from the successful launch of *Joskes Brew* in Fiji and a continued focus on export markets, including expanding international sales through distribution agreements for *Vailima* and *Rum Co. of Fiji* premium spirits in the United States and expanding distribution of *Vonu Export* in Australia. Performance in FY19 was relatively flat, with a weaker result in Samoa due to increased competition and challenging market conditions following a nationwide measles outbreak in the fourth quarter of 2019. There was significant investment in Amatil's Fijian business over the year, including a new bottle filler in the brewery, a new packaging line at the distillery and the rebuilding of the office facilities at the Fiji brewery following a fire in late 2017. The same factors that impacted Amatil's Fijian NARTD beverages business in FY20 also had an adverse impact on the Paradise Beverages business, although the halving of the excise duty on alcohol announced in the 2020-2021 National Budget has had a positive impact, with volumes moving from traditional kava to alcoholic beverages.

Outlook

While the expected economic trajectory in a post-COVID environment remains uncertain, restrictions in New Zealand have lifted, sparking a strong economic recovery that has flowed through to Amatil's New Zealand business. Capital investments such as the juice production facility completed in 2017 and the expected opening of the Auckland can line in 2021 will provide ample capacity for growth in key beverage categories.

In contrast, Fiji remains a growth market but faces a challenging economic backdrop due to COVID-19 related travel restrictions on the tourism industry and the expectation is that the Fiji and Samoan markets will remain challenged until international travel restrictions are eased.

To provide an indication of the expected future financial performance of Amatil's Pacific region, Grant Samuel has considered broker forecasts (see Appendix 1) as follows:

PACIFIC – FORECAST FINANCIAL PERFORMANCE ($ MILLIONS)

	FY20 PRO FORMA PRE AASB16	ADJUSTED BROKER CONSENSUS (MEDIAN)	
		FY21	FY22
Trading revenue	812.7	853.7	884.6
Operating EBITDA	166.6	178.6	195.5
Operating/reported EBIT	129.6	138 2	145.1

Source: Grant Samuel analysis (see Appendix 1)

The broker consensus forecasts have been adjusted to reverse the impact of AASB16 (see Appendix 1 for details).

The adjusted median consensus broker forecasts are sufficiently close to Amatil's FY21 Budget and FY22 Forecast for the Pacific region to be useful for analytical purposes.

4.3 Indonesia and Papua New Guinea

Overview

Amatil's main business operations in Indonesia are:

- the preparation, sale, distribution and marketing of 12 non alcoholic beverage brands to approximately 460,000 customers directly and another 1.6 million indirectly through a wholesaler network. In addition to *Coca-Cola* products, Amatil's non alcoholic portfolio in Indonesia includes *Sprite, Fanta, Schweppes* and *A&W* (sparkling), *Nutriboost* (dairy), *Minute Maid* (juice), *Aquarius* (isotonic), *Frestea* (tea) and *Ades* (water). All of these brands are owned by TCCC. Amatil's Indonesian business operates eight production facilities in Bekasi (two locations), Sumedang, Medan, Lampung, Semerang and Mengwi-Bali and two preform facilities located in Bekasi and Pasuruan and 14 distribution warehouses across the country.

  In contrast to Amatil's other regions, *Sprite* and *Fanta* (rather than *Coca-Cola*) are the main sparkling beverages consumed in Indonesia; and

- the sale, distribution and marketing of coffee machines, capsules and beans (under the *Grinders* brand). Amatil has continued to progress expansion of its coffee business in Indonesia, albeit it is in the early stages of development.

Amatil has a 70.6% interest in its Indonesian business, PT Coca-Cola Bottling Indonesia, following TCCC's US$500 million investment in 2015.

In Papua New Guinea, Amatil is involved in the preparation, sale, distribution and marketing of 10 non alcoholic beverage brands to approximately 13,000 indirect customers. In addition to *Coca-Cola* products, Amatil's non alcoholic portfolio in Papua New Guinea includes *Sprite*, *Fanta, Schweppes, Solo* and *Minute Maid* as well as local brands *BU*[61] (energy), *Golden Crush* (juice) and *Nature's Own* (water). It has two production facilities and five warehouses across Papua New Guinea.

The main channel segmentation of Amatil's business operations in Indonesia and Papua New Guinea is:

- modern trade (hypermarkets, supermarkets and minimarkets);

[61] *BU* is produced and distributed under an agreement with Monster Energy Company, a subsidiary of Monster Beverage Corporation.

- traditional trade (provisions, traditional food service, kiosks and informal ice box vending); and
- on-trade (quick service restaurants).

In Indonesia, Amatil utilises its own distribution network to service these channels as well as a network of Coca-Cola Official Distributors ("CCODs") across Indonesia that, in turn, service the same types of customers in smaller or more remote areas. This distributor network represents over 65% of Amatil's business by volume. This approach has enabled Amatil to make significant improvements in the effectiveness and efficiency of its route-to-market execution. CCODs offer better capability to execute "last mile" delivery, significantly increasing Amatil's customer reach. Amatil also has a large local sales team focusing on different market channels.

A distributor model is used in Papua New Guinea, where Amatil utilises third party wholesale partners in addition to expanding its own distribution network. Dedicated sales teams and strategies are in place to manage modern trade and key accounts.

The Beverage Market in Indonesia and Papua New Guinea

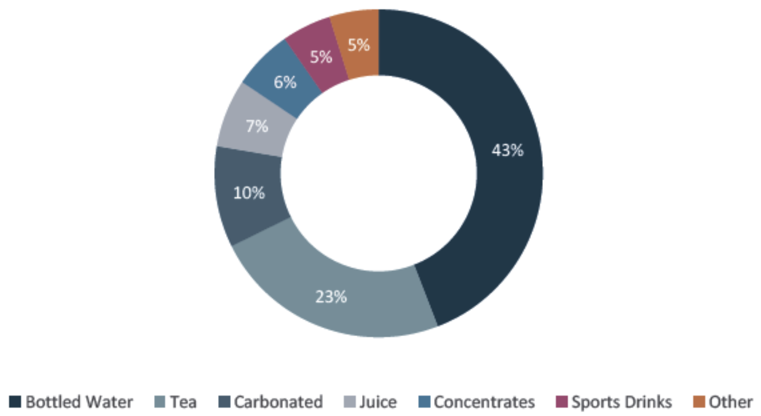
INDONESIA

i. Size and Composition

Indonesia's NARTD beverages market was worth IDR146,454 billion ($14.9 billion) in 2019. While the market is made up of a similar range of product categories as the Australian and New Zealand NARTD beverage markets, consumption has historically been much more heavily weighted towards bulk bottled water due to the poor quality of tap water and affordability constraints:

INDONESIAN NARTD BEVERAGES MARKET – COMPOSITION

2019 SALES VALUE



Source: Euromonitor International, Soft Drinks in Indonesia, December 2019. Excludes flavoured milk

At 10% of the market (by value), the share held by carbonated beverages is less than a quarter of that in Australia and New Zealand (greater than 40% share). Between 2014 and 2019, value share for bottled water increased from 34% to 43% of the Indonesian NARTD beverages market (or from 63% to 67% volume share) mostly at the expense of carbonated beverages, reflecting similar trends in other markets. Both ready to drink tea and juice largely maintained their market share over this period.

Alcoholic beverage consumption remains very low in Indonesia due to the large Muslim population.

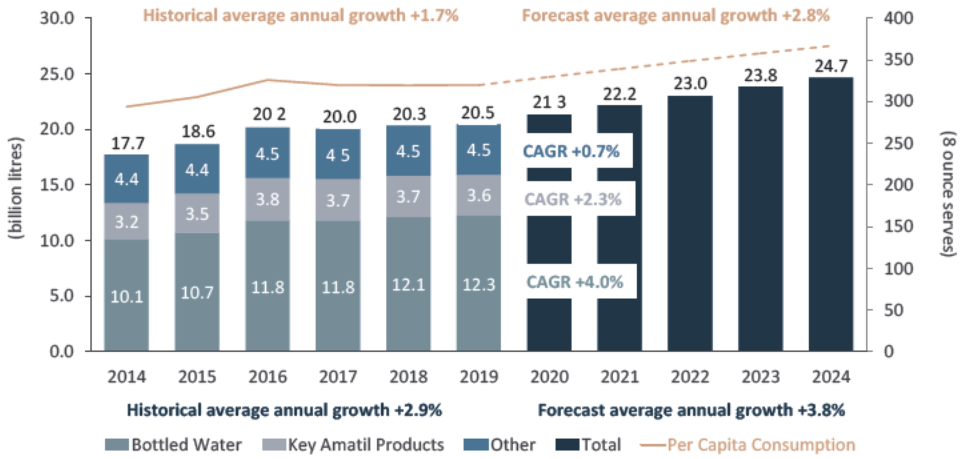
ii. Consumption Growth

Positive long term macroeconomic and demographic trends (i.e. a young and growing population) underpin Indonesia's NARTD beverages market. Indonesia has generated average annual growth in GDP of 5.3% over the past two decades which has helped drive the rapid reduction in poverty and expansion of Indonesia's middle and affluent socioeconomic classes[62]. This demographic generates half of total household consumption in the country[63]. Since 2002, Indonesia's middle class has grown by 10% per annum and there has been a 12% per annum increase in consumption of NARTD beverages over the same period.

While Indonesia is still regarded as a high growth market (certainly compared to mature markets such as Australia and New Zealand), recent performance has been more subdued, largely as a result of a softening economy. Solid growth in volumes occurred in 2015 (4.9%) and 2016 (8.2%), both in total and per capita consumption, but since then total consumption has been relatively flat:

INDONESIA NARTD BEVERAGE MARKET – TOTAL AND PER CAPITA CONSUMPTION

2014 TO 2024



Source: Euromonitor International, Soft Drinks in Indonesia, December 2019; World Bank. Dotted lines reflect Euromonitor forecasts. Note that these forecasts do not reflect the impact of the COVID-19 pandemic on total and per capita consumption. Per capita consumption is based on NARTD consumption data from Euromonitor and population growth forecasts from World Bank.

Note 1: Key Amatil Products refers to the overall market size for the key identified categories for Coca-Cola in Indonesia (i.e. not only Coca-Cola sales). These include carbonated beverages, ready to drink tea and juice.

In particular, consumption of carbonated beverages has been in recent decline due to a range of factors, including affordability constraints (in a weak economy) and lack of category relevance (i.e. compelling reasons to consume). The long term decline in carbonated soft drinks has been offset by growth in other NARTD beverage categories such as bottled water and ready to drink tea.

Consumption of NARTD beverages is believed to have contracted sharply in 2020. In part this was caused by the timing of the COVID-19 pandemic. There is a seasonal increase in the consumption of NARTD beverages in Indonesia during the Ramadan holy month festive period (which varies from year to year). Consumer spending typically increases during this period as employees receive a "13th month" of salary, with retail sales increasing by around 10-13% over the pre-festive period[64]. This increase in consumer spending also impacts NARTD beverage consumption, with Amatil's Indonesian business reporting an increase in volume of around 100% during Ramadan in 2019 compared to pre-festive period volumes. In

[62] Source: World Bank, Aspiring Indonesia – Expanding the Middle Class, September 2019.

[63] Source: Oxford Business Group, Indonesia 2020.

[64] Source: Statista, Growth in retail sales during Ramadan Indonesia 2017-2019, August 2020.

April and May 2020, the COVID-19 pandemic related social restrictions coincided with the festive period, resulting in an approximate 40% decline in revenue in Amatil's Indonesia business over that period compared to the prior year.

The effects of recent economic weakness and the continued impact of the COVID-19 pandemic has contributed to a subdued short term outlook. GDP growth averaged 5% per annum between 2015 and 2019 after being close to 7% per annum during the first half of the decade. Slower economic growth has had an impact on the expansion of the middle class, which was the major driver of beverage market growth over the 2000-2014 period. Lower consumer confidence is expected to push consumption down in the short term. However, over the medium term, the strong underlying dynamics and economic recovery are expected to see growth in NARTD beverage consumption return. While the Euromonitor International forecasts do not reflect the impact of the COVID-19 pandemic (i.e. they were prepared in December 2019), the broad thesis of strong growth in total volumes is still relevant.

iii. Distribution Channels

Indonesia's NARTD beverages market is heavily reliant on off-trade channels (92% of 2019 volumes) rather than on-trade channels. On-trade volumes have been further constrained in 2020 due to COVID-19 restrictions which have lowered consumer confidence, mobility and willingness to spend. There are two primary categories of off-trade retailers:

- modern trade, which targets families and mass shoppers seeking regular stock-ups or daily needs close to home. Each category within modern trade (hypermarkets, supermarkets and minimarkets/ convenience stores) uses a different strategy to attract customers, with supermarkets using cross-category adjacencies to attract consumers while convenience stores appeal to local small volume purchases. They generally cater to the emerging middle class, demonstrated by the growth in this channel in recent years. The market share of modern trade retailers increased from 36% of off-trade channel volumes in 2014 to 49% in 2019[65]; and
- traditional trade which includes independent small grocery retailers. This market is highly fragmented and predominantly offers single serve beverages to customers within a small radius.

Off-trade customers are served by both beverage companies directly and by intermediaries such as wholesalers. Wholesalers play a critical role in delivering products to local retailers particularly in the traditional trade segment due to lack of infrastructure and the geographical spread of the country. These local retailers are spread across rural neighbourhoods, where larger chains are unable to provide extensive channel reach due to logistical issues associated with product delivery as well as along the smaller roads and in the kampungs that are spread throughout most urban areas.

iv. Competitive Environment

The Indonesian NARTD beverages market has evolved considerably over the past two decades. In the early 2000s, each product category was represented by one or two market leaders. However, competition has increased significantly as new domestic and foreign participants have entered the NARTD beverages market. Competition for consumer share of wallet has also intensified, with price promotions, product innovation (e.g. healthier alternatives or new flavours) and affordable package sizing commonly used tactics to increase market share.

The Indonesian NARTD beverages market remains fragmented in aggregate as beverage brands tend to focus on specific beverage categories. Danone Aqua is the largest participant with 24% of the Indonesian NARTD beverages market due to the dominant share of its #1 brand (*Aqua*) in the bottled water category. Similarly, Amatil holds a market leading position due to its dominant position in carbonated beverages (albeit this is a small category in the Indonesian market). This is consistent across the remaining top five participants, with each specialising in a single beverage category:

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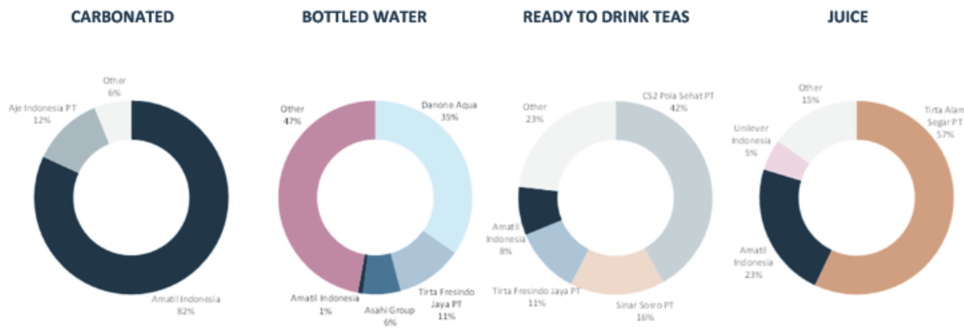
[65] Source: Euromonitor International, Soft Drinks in Indonesia, December 2019.

INDONESIA NARTD BEVERAGE MARKET – KEY AMATIL CATEGORY MARKET SHARE

2019, BY VOLUME



Source: Euromonitor International, Soft Drinks in Indonesia, December 2019

Amatil is by far the leading participant in the carbonated category in Indonesia (although this category is dominated by *Sprite* and *Fanta* rather than *Coca-Cola* products) and has progressively increased its share in this category over the past five years to represent 82% of the category in 2019. The introduction of the *Big Cola* brand by Aje Indonesia PT around 2010 provided a value alternative, resulting in Amatil's Indonesian business losing significant market share. Market share in the carbonated beverage category was regained from around 2013/2014 through investment in new packs, marketing and prominent product positioning (e.g. branded refrigerators). Amatil's position in Indonesia, particularly in the on-trade channel, was reinforced with the exit of PepsiCo from the Indonesian market in 2019.

Bottled water is the largest NARTD beverage category and is dominated by Danone Aqua which has a wide distribution network and a portfolio of leading brands such as *Aqua*, *VIT* and *Evian*. However, Danone Aqua's market share has declined in recent years due to competitive pricing and targeted distribution capability investments by Tirta Fresindo Jaya PT. With the exception of these two participants, all other participants hold less than 10% share in the category. For example, Amatil's Indonesian business is among the top ten producers in this category but has had a very small presence of just under 1% volume share over the past five years.

Ready to drink tea is the second largest NARTD beverage category behind bottled water and consists of two sub-categories, jasmine tea and flavoured tea. Consumers are generally more familiar with jasmine tea, where price promotions and discounting are common. However, new flavoured varieties have helped drive recent growth in the category. The ready to drink tea category is dominated by three local brands, CS2 Pola Sehat PT, Sinar Sosro PT and Tirta Fresindo Jaya PT, which collectively held close to 70% of the category market in 2019. Price promotions and discounting have underpinned CS2 Pola Sehat PT's success with the *Teh Gelas* brand. Amatil has a small (8%) market share in the tea category, but primarily competes in the flavoured tea subsegment where it is estimated to have a more meaningful 24% market share[66].

Juice is a category that is expected to benefit from increasing consumer health awareness. Tirta Alam Segar PT is the market leader with 57% of the market by volume but only 35% by value, reflecting a focus on affordability. Foreign participants such as Amatil and Unilever have a smaller market share based on volume (collectively 28% in 2019) but a higher share of value (46% of total spend in 2019). Improved availability of accessible sized packaging fit for on-the-go formats (e.g. single serve) has supported growth in the juice category. However, juice faces competition from other adjacent categories such as bottled water and dairy products given the common "healthy" value proposition.

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[66] Source: Nielsen

PAPUA NEW GUINEA

The NARTD beverages market in Papua New Guinea is in the developing stage. While it is a low-to-middle income country, encouraging demographic and macroeconomic trends underpin the high growth potential of the market, including:

- a young and growing population. Over 75% of the population is under 35 years old and 40% is under 15 years old[67]. These younger demographics are the target markets for NARTD beverage producers. Over the past ten years, the total population has grown at an average of 2.1% per annum, although this has declined to 1.6% per annum over the past five years due to declining birth rates;
- rising incomes, supported by continued foreign investment in Papua New Guinea, particularly in resource projects (e.g. copper, gold, liquified natural gas and nickel). GDP per capita has increased by an average of 4.3% per annum over the past ten years[67]; and
- investment in improved physical and transport infrastructure networks to help connect the country (most of the population lives in rural areas). Physical infrastructure is in the developing stage, with only 25% of the population having access to electricity and only limited transportation infrastructure. For example, around 35% of the population lives more than 10 kilometres from a national road[68]. In 2019, the government introduced "Connect PNG", a new infrastructure program to improve road, port and telecommunications connectivity. However, this program has been put on hold as the government has reassessed budget spending to prioritise Papua New Guinea's response to the COVID-19 pandemic.

The COVID-19 pandemic has had a significant impact on the economy due to declining commodity prices and weaker demand. The Papua New Guinean government declared a state of emergency in late March 2020, which effectively shut down schools, restaurants and other non essential public services. While these restrictions were lifted in June, a curfew was introduced in late July 2020 after a spike in cases. The country's short term outlook will be determined by its ability to control the spread of the virus and moderate restrictions, recovery of key commodity prices and resumption of development of its resource project pipeline.

Over the long term, the resources sector is expected to underpin Papua New Guinea's economic performance. The resources sector accounts for around 29% of GDP and around 89% of exports[69]. However, political uncertainty is a key risk due to instability in leadership, shifts in party loyalties and motions of no confidence, including two motions in 2019-2020 alone. Similarly, regulatory risk remains a key concern, particularly in the resources sector[70]. For example, in June 2020, the Papua New Guinean government passed legislation to facilitate public investment in the mining sector, leading to concern that increased costs of business and increased uncertainty may discourage private investment[71].

Strategy

Operating decisions by Amatil's Indonesian business over the past seven years have supported the Accelerate to Transform strategy that commenced in 2014:

- Accelerate to Transform was created in response to the loss of market relevance over the period up to 2014 as a result of new entrants competing in the NARTD beverage market and the creation of new categories in which Amatil did not participate. The strategy re-emphasised the long term opportunity in Indonesia in light of the attractive economic and demographic characteristics. At the time, overall

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67 Source: United Nations Development Programme, About Papua New Guinea.

68 Source: World Bank Group, Papua New Guinea Economic Update, July 2020.

69 Source: Extractive Industries Transparency Initiative.

70 Source: Austmine, The PNG Mining Industry – Opportunities and Challenges.

71 Source: Papua New Guinea Chamber of Mines and Petroleum, 24 June 2020.

NARTD beverage consumption per capita was growing at more than 10% per annum, with carbonated products growing at 6% per annum.

To capture a greater share of the market, Amatil's Indonesian business expanded its target consumer base from the niche premium end of the market to the emerging middle class population. This required a fundamental shift in its strategy. Amatil's Indonesian business invested in improving product availability, increasing affordability, building core brand strength and extending its channel coverage. The business transformed its route-to-market model through rationalising its distribution footprint (from 85 distribution centres and around 1,300 delivery trucks in 2014 to 55 distribution centres and around 600 delivery trucks in 2017) and introducing a third party distribution model with an expanded footprint. Once completed, Amatil's Indonesian business was able to provide an improved service level to a much larger outlet base. To accelerate its growth strategy, the business (PT Coca-Cola Bottling Indonesia) received a US$500 million equity injection from TCCC in April 2015, earmarked for production, warehousing and cold drink infrastructure investment.

By 2018, Amatil's Indonesian business had regained its leading position in the Indonesian carbonated beverages category. At the same time, PepsiCo was struggling, and exited Indonesia in October 2019;

- a review of the "Acceleration" elements of the strategy was undertaken in 2018. The outcomes of the review included making bigger bets in categories where Amatil's Indonesian business believed it could generate a competitive advantage for its products and introducing a segmented execution framework to improve program coverage and execution in the market. Sparkling and ready to drink tea were selected as priority categories to grow market share and/or market size; and
- the changes delivered volume growth momentum (eight consecutive quarters of volume growth through to the first quarter of FY20) which was halted by the COVID-19 pandemic. In 2HY20, the strategic priorities of Amatil's Indonesian business were adjusted as a result of the changing market conditions. In particular, the business adapted by focusing on product affordability, at-home occasions and by adjusting its channel strategy. This included the price rebase and availability drive of the 250ml PET carbonated pack, at-home consumption via multi-serve packs and increasing its presence across e-commerce and digital channels.

Operating Performance

The historical operating performance of Amatil's business operations in Indonesia and Papua New Guinea from FY18 to FY20 is summarised below:

INDONESIA AND PAPUA NEW GUINEA - OPERATING PERFORMANCE[72] ($ MILLIONS)

	FY18 ACTUAL PRE AASB16	FY19 PRO FORMA PRE AASB16	FY20 PRO FORMA PRE AASB16
Volume (million unit cases)	*227.2*	*250.7*	*210.2*
Trading revenue per unit case	*$4.32*	*$4.65*	*$4.55*
Trading revenue	981 9	1,165.4	955 5
Other revenue	1 2	1 2	3.2
Operating revenue	**983.1**	**1,166.6**	**958.7**
Operating EBITDA	**166.9**	**189.8**	**142.4**
Depreciation and other amortisation	(83.7)	(94.1)	(81.6)
Operating EBIT	**83.2**	**95.7**	**60.8**
Capital expenditure	97 5	79 0	87.5

72 The operating performance of Amatil's Indonesia & Papua New Guinea business includes 100% of PT Coca-Cola Bottling (i e. it is not shown net of TCCC's 29.4% non controlling interest).

INDONESIA AND PAPUA NEW GUINEA - OPERATING PERFORMANCE[72] ($ MILLIONS) (CONT)

	FY18 ACTUAL PRE AASB16	FY19 PRO FORMA PRE AASB16	FY20 PRO FORMA PRE AASB16
STATISTICS			
Volume growth		*+10.3%*	*-16.2%*
Trading revenue growth		*+18.7%*	*-18.0%*
Operating EBITDA growth		*+13.7%*	*-24.9%*
Operating EBIT growth		*+15.0%*	*-36.4%*
Operating EBITDA margin	*17.0%*	*16.3%*	*14.8%*
Operating EBIT margin	*8.5%*	*8.2%*	*6.3%*
Return on capital employed		*11.4%*	*8.2%*

Source: Amatil and Grant Samuel analysis

Despite soft market conditions, weak currency and higher commodity prices impacting Indonesia's earnings in FY18, there were encouraging signs over the last nine months of the year, with volume growth and improved share in sparkling beverages. In still beverages, Indonesia maintained value share in water and dairy but saw declines in tea and juice. Revenue and margins benefited from Indonesia's route-to-market model transformation which increased the availability and accessibility of products, as well as efficiencies in manufacturing and administrative functions. Papua New Guinea achieved revenue growth in FY18 despite flat volumes and operational issues which were largely resolved by year end.

In FY19, Amatil's business operations in Indonesia and Papua New Guinea recorded double digit volume and revenue growth and strong EBIT growth. Indonesia achieved strong volume growth (seven consecutive quarters of volume growth) and revenue growth from a focus on execution and investment in marketing (with TCCC). Double digit growth in sparkling volumes was achieved following a renewed focus on driving relevance of the sparkling category. Papua New Guinea delivered strong double digit volume, revenue and EBIT growth following the rectification of previous operational issues.

Indonesia had a solid start to the FY20 year, delivering its eighth consecutive quarter of volume growth in March 2020. However, the impact of COVID-19 lockdown restrictions in the second quarter, during the traditionally peak festive trading period, had a significant adverse impact. Overall volumes in 1HY20 declined by 19.3% (17.1% in the traditional trade channel and by 23.4% in the modern trade channel). The reduction in volumes flowed through to earnings, offset in part by tight control over costs during the period, including generating $16.1 million in operational efficiencies. The Indonesian market remained weak in 2HY20 as consumer sentiment and spending continued to reflect the uncertainty of the COVID-19 pandemic and the economy. There was significant contraction in the overall Indonesian NARTD beverages market (down approximately 20% in FY20). Despite the challenging COVID-19 pandemic and macroeconomic conditions, Amatil's Indonesian business continued to deliver strong operational efficiencies in 2HY20 and reported a positive EBIT result for FY20.

In Papua New Guinea, the strength of Amatil's position in the market enabled it to trade consistently through much of the year and to compete effectively, albeit with some impact on pricing.

In light of the 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 charge of $101.2 million (post tax and non controlling interest) of the Indonesian business in 1HY20.

Outlook

Both Indonesia and Papua New Guinea have been impacted more significantly by COVID-19 than Amatil's other business operations. While the COVID-19 pandemic required the Indonesian business to reprioritise its goals in the short term, the long term vision for this market remains intact. However, FY21 is expected to continue to be materially affected and Amatil does not expect a return to FY19 profitability levels for at least three years.

Similarly, the Papua New Guinea business is also considered a developing market with significant growth potential, despite current COVID-19 uncertainty. Completion of two major projects (construction of a new warehouse and installation of a second can line) are expected to further strengthen Amatil's position in Papua New Guinea.

To provide an indication of the expected future financial performance of Indonesia and Papua New Guinea, Grant Samuel has considered broker forecasts (see Appendix 1) as follows:

INDONESIA AND PAPUA NEW GUINEA – FORECAST FINANCIAL PERFORMANCE ($ MILLIONS)

	FY20 PRO FORMA PRE AASB16	ADJUSTED BROKER CONSENSUS (MEDIAN)	
		FY21	FY22
Trading revenue	955 5	998 2	1,092.2
Operating EBITDA	142.4	147 0	172.7
Operating/reported EBIT	60 8	79.7	101.1

Source: Grant Samuel analysis (see Appendix 1)

The broker consensus forecasts have been adjusted to reverse the impact of AASB16 (see Appendix 1 for details).

The adjusted median consensus broker forecasts are sufficiently close to Amatil's FY21 Budget and FY22 Forecast for its business operations in Indonesia and Papua New Guinea to be useful for analytical purposes.

4.4 Corporate and Services

Overview

In addition to Amatil's corporate overheads, the Corporate and Services business includes:

- several business operations:
  - cold drink equipment, which provides customers with equipment such as fridges, vending machines and coffer machines;
  - Statewide Recycling, a container deposit recycling business in South Australia); and
  - Packaging Services Division, which designs, tests, prototypes and produces custom packaging solutions (e.g. plastic bottles, closures), with a focus on recyclability;
- equity accounted investments in:
  - Made Group (22.5% interest), which produces and sells a range of non alcoholic beverages and yoghurts under the brand names *Impressed*, *Rokeby Farms*, *Cocobella* and *Nutrient Water* to 20,000 customers. Made Group has a manufacturing facility in Melbourne and four distribution warehouses;
  - Container Exchange (50% interest), which provides a range of services to the organisation responsible for operating the Queensland container refund scheme; and
  - Exchange for Change (20% interest), which acts as scheme coordinator under the New South Wales and Australian Capital Territory Government's Container Deposit Scheme legislation;
- Amatil X, Amatil's corporate venture platform established in 2018 to invest in start-ups and help build entrepreneurial capability across the Amatil group. Amatil X currently has investments in *Aider, Centrapay*, *Kargo*, *Liven*, *Tabsquare.ai*, *Yummy Corp* and *Wahyoo*;

- Amatil's Property Division, established in 2017 to own the land and buildings for all production and warehouse sites owned in Australia and New Zealand with the businesses charged rent in line with market rates; and
- coal mining royalties received through ownership of sub-surface strata and associated mineral rights in Queensland[73].

Operating Performance

The historical operating performance of Amatil Corporate and Services from FY18 to FY20 is summarised below:

CORPORATE AND SERVICES - OPERATING PERFORMANCE ($ MILLIONS)

	FY18 ACTUAL PRE AASB16	FY19 PRO FORMA PRE AASB16	FY20 PRO FORMA PRE AASB16
Trading revenue	50.3	51.4	57.0
Other revenue	7.0	6.9	7.0
Operating revenue	**57.3**	**58.3**	**64.0**
Operating EBITDA	**71.9**	**57.0**	**64.7**
Depreciation and other amortisation	(76.9)	(75.2)	(71.5)
Operating EBIT	**(5.0)**	**(18.2)**	**(6.8)**
Share of profit from equity accounted investments	0.6	2.4	1.2
Investment income	9.6	2.2	1.9
Reported EBIT	**5.2**	**(13.6)**	**(3.7)**
Capital expenditure	61.5	56.8	41.7

Source: Amatil and Grant Samuel analysis

The reported Corporate and Services segment can be further segmented and allocated to Amatil's other regions:

- cold drink equipment, Statewide Recycling, Packaging Services Division, the equity accounted investments in Made Group, Container Exchange and Exchange for Change and the Australian component of Amatil's Property Division can be allocated to Amatil's Australian business:

CORPORATE AND SERVICES – ALLOCATION TO AUSTRALIA ($ MILLIONS)

	FY18 ACTUAL PRE AASB16	FY19 PRO FORMA PRE AASB16	FY20 PRO FORMA PRE AASB16
Trading revenue	50.3	51.4	57.0
Other revenue	7.0	6.9	7.0
Operating revenue	**57.3**	**58.3**	**64.0**
Operating EBITDA	**113.8**	**108.8**	**100.5**
Depreciation and other amortisation	(75.5)	(73.3)	(65.4)
Operating EBIT	**38.3**	**35.5**	**35.1**
Share of profit from equity accounted investments	0.6	2.4	1.2
Reported EBIT	**38.9**	**37.9**	**36.3**

Source: Amatil and Grant Samuel analysis

The majority of the earnings is generated by Statewide Recycling and the Packaging Services Division. A smaller contribution is made by the Property Division, which generates a profit charging Amatil's

[73] In July 2020, Amatil was joined to proceedings in the Supreme Court of Queensland between a Glencore plc mining joint venture and the State of Queensland whereby Amatil's entitlement to coal royalties paid pursuant to its mineral rights has been challenged by the State of Queensland. The timetable for the proceedings has not yet been finalised but Amatil intends to defend its rights to all royalty income, past and future.

Australian business market based rents. The contribution from the Property Division declined in FY19 due to property sales.

EBITDA is higher than revenue as the cold drink equipment business is an internal business that provides services to Amatil's Australian business. It does not generate revenue. It does incur depreciation but the recharge to Amatil's Australian business is offset by the cost; and

- the New Zealand component of Amatil's Property Division can be allocated to Amatil's Pacific region:

CORPORATE AND SERVICES – ALLOCATION TO PACIFIC ($ MILLIONS)

	FY18 ACTUAL PRE AASB16	FY19 PRO FORMA PRE AASB16	FY20 PRO FORMA PRE AASB16
Trading revenue	-	-	-
Other revenue	-	-	-
Operating revenue	**-**	**-**	**-**
Operating EBITDA	**7.4**	**6.8**	**7.0**
Depreciation and other amortisation	(1 2)	(1 3)	(1.3)
Operating EBIT	**6.2**	**5.5**	**5.7**

Source: Amatil and Grant Samuel analysis

The remaining components of the Corporate and Services segment represent group office costs and the contribution from Amatil's investments in Amatil X and coal mining royalties:

CORPORATE AND SERVICES – INVESTMENT INCOME AND GROUP OFFICE COSTS ($ MILLIONS)

	FY18 ACTUAL PRE AASB16	FY19 PRO FORMA PRE AASB16	FY20 PRO FORMA PRE AASB16
Trading revenue	-	-	-
Other revenue	-	-	-
Operating revenue	**-**	**-**	**-**
Operating EBITDA	**(49.3)**	**(58.5)**	**(42.8)**
Depreciation and other amortisation	(0 2)	(0.7)	(4.8)
Operating EBIT	**(49.5)**	**(59.2)**	**(47.6)**
Investment income	9.6	2 2	1.9
Reported EBIT	**(39.9)**	**(57.0)**	**(45.7)**

Source: Amatil and Grant Samuel analysis

Group office costs increased by around 20% in FY19 as Amatil invested in group capabilities and information technology platforms but benefited from the implementation of cost saving programs in FY20 (albeit not all of the cost savings are permanent).

5 Valuation of Amatil

5.1 Summary

Grant Samuel has valued Amatil in the range $9.2-10.2 billion which corresponds to a value of $12.68-14.01 per share. The valuation is summarised below:

AMATIL – VALUATION SUMMARY ($ MILLIONS)

	REPORT SECTION REFERENCE	VALUE RANGE	
		LOW	HIGH
Business operations – Amatil interest	5.2, 6	10,604 8	11,562.7
Other assets and liabilities	5 3	(109 8)	(100.0)
Enterprise value		**10,495.0**	**11,462.7**
Adjusted net debt	5.4	(1,269 9)	(1,269.9)
Value of equity		**9,225.1**	**10,192.8**
Fully diluted shares on issue (millions)[74]		727 5	727.5
Value per share		**$12.68**	**$14.01**

The valuation represents the estimated full underlying value of Amatil assuming 100% of the company was available to be acquired and includes a premium for control. The value is on a cum dividend basis (i.e. before payment of the final dividend of $0.18 per share).

5.2 Business Operations

Grant Samuel has valued Amatil's business operations in the range $10.6-11.6 billion. The valuation is summarised below:

AMATIL – VALUATION OF BUSINESS OPERATIONS ($ MILLIONS)

	REPORT SECTION REFERENCE	VALUE RANGE	
		LOW	HIGH
Australia	6.5	7,000 0	7,600.0
Pacific	6.6	2,199 2	2,436.4
Indonesia and Papua New Guinea	6.7	2,212.6	2,450.1
Group office costs (net of savings)	6 8	(335 0)	(395.0)
Value of business operations – 100% basis		**11,076.8**	**12,091.5**
Non controlling interests	6.6, 6.7	(472 0)	(528.8)
Value of business operations – Amatil interest		**10,604.8**	**11,562.7**

As Amatil does not own 100% of PT Coca-Cola Bottling Indonesia, Paradise Beverages and Samoa Breweries, it is necessary to deduct the non controlling interests from the valuation of 100% of the relevant business operation so that the valuation of Amatil's business operations represents 100% of Amatil's business operations in Australia, New Zealand, Papua New Guinea and its Fiji NARTD beverages businesses, 70.6% of PT Coca-Cola Bottling Indonesia and 89.6% of Paradise Beverages[75]. These adjustments are considered in more detail in Sections 6.6 and 6.7 of this report.

[74] Fully diluted shares on issue includes 3,484,833 share rights that have not yet vested and are subject to meeting certain performance hurdles and time periods. The Amatil Board has exercised its discretion to enable all share rights to be converted to Amatil shares (and participate in the Scheme) or be settled in cash. The valuation has been prepared on the basis that all share rights are converted to Amatil shares. No adjustment has been made for restricted STIP shares or shares held in trust under the ESP on the basis that these shares are acquired on market and are therefore already included in Amatil's issued share capital.

[75] No specific allowance has been made for the 6.1% non controlling interest in Samoa Breweries given its minimal contribution to earnings (a small operational loss in FY19) and net debt, which are immaterial in the context of the overall valuation of Amatil.

The valuation of each of Amatil's business operations (including discussion of alternative methodologies and the approach adopted for Amatil) is considered in detail in Section 6 of this report.

The value attributed to the business operations (Amatil interest) of $10.6-11.6 billion is an overall judgement having regard to a number of valuation methodologies and parameters, including capitalisation of earnings or cash flows (multiples of EBITDA and EBIT) and discounted cash flow ("DCF") analysis.

Grant Samuel has placed equal emphasis on earnings multiples and DCF analysis in forming its views on value. Both methodologies have limitations:

- DCF analysis is not designed to take into account factors that don't directly impact growth in cash flows, but do go to value, in particular:
  - the impact of Amatil primarily being a TCCC franchisee (rather than an owner of brands); and, on the other hand,
  - the advantages of being part of the Coca-Cola system.

  (see Section 7.2 for further discussion);
- the results of the DCF analysis for Amatil's business operations need to be treated with caution given the wide array of credible assumptions that can be adopted (in particular, in relation to the timing and the extent of the expected recovery from the COVID-19 pandemic) and the very broad range of net present values that can be calculated;
- the COVID-19 pandemic has had a severe impact on FY20 earnings and is expected to also impact FY21 earnings. As a result, greater emphasis has generally been placed on historical FY19 earnings multiples although Grant Samuel has also considered forecast FY22 multiples (which reflect a full volume recovery in most regions and a significant contribution from Amatil's cost savings initiatives); and
- for developed markets, there is a limited set of comparable transactions for Coca-Cola bottlers, only one of which occurred in the last five years; and
- the sharp reduction in interest rates, particularly over the past two years and the expectation of "lower for longer" interest rates could suggest that multiples in the current environment should be higher than they have been historically. On the other hand, the extremely low interest rates also signify expectations of low growth (and low inflation).

Notwithstanding the limitations, these methodologies are still useful and the valuation ranges for each of Amatil's business operations are supported by both the earnings multiple analysis and the DCF analysis.

The earnings multiples implied by the valuation of Amatil's business operations (on a 100% basis) are summarised below:

AMATIL'S BUSINESS OPERATIONS – IMPLIED VALUATION PARAMETERS

	VARIABLE ($ MILLIONS)	RANGE OF PARAMETERS	
		LOW	HIGH
Value of business operations – 100% basis		**11,076.8**	**12.091.5**
Multiple of EBITDA			
FY19 (adjusted actual)	935.8	11.8x	12.9x
FY20 (adjusted actual)	824.3	13.4x	14.7x
FY21 (adjusted median broker forecast)[76]	897.4	12.3x	13.5x
FY22 (adjusted median broker forecast)[76]	973.5	11.4x	12.4x

[76] Amatil has not included the FY21 Budget or FY22 Forecast in the Scheme Booklet. To provide an indication of Amatil's expected financial performance, Grant Samuel has considered broker forecasts (see Appendix 1). Adjustments to historical and forecast earnings are explained in Section 6 2 2.

AMATIL'S BUSINESS OPERATIONS – IMPLIED VALUATION PARAMETERS (CONT)

	VARIABLE ($ MILLIONS)	RANGE OF PARAMETERS	
		LOW	HIGH
Value of business operations – 100% basis		**11,076.8**	**12.091.5**
Multiple of EBIT			
FY19 (adjusted actual)	656.6	16 9x	18.4x
FY20 (adjusted actual)	559.2	19 8x	21.6x
FY21 (adjusted median broker forecast)[76]	623.6	17 8x	19.4x
FY22 (adjusted median broker forecast)[76]	697 3	15 9x	17 3x

The implied multiples are blended multiples for Amatil's business operations in Australia, the Pacific and Indonesia and Papua New Guinea and reflect the relative size of each of Amatil's business operations. Amatil's Australian business represents around 65-70% of earnings and the total exposure to developed markets (i.e. including New Zealand) is in the range 80-90% of earnings. As a result, the implied multiples primarily represent the valuation of Amatil's operations in developed markets, which warrant lower multiples than its business operations in high growth developing markets, particularly Indonesia.

The implied multiples are relatively high. However, Australia and New Zealand have been two of the best performing economies globally in terms of their response to the COVID-19 pandemic and their economic outlook is relatively positive (in terms of GDP growth, unemployment and consumer sentiment), certainly compared to the rest of the developed world.

These multiples reflect the particular attributes of Amatil's business operations, including factors such as:

- its scale as one of Asia Pacific's largest bottlers and distributors of alcoholic and NARTD beverages, which provides access to a distribution network and the ability to invest in infrastructure and technology that enhance its route-to-market and provide competitive advantages (such as branded fridges and vending machines);
- Amatil's market position and brand strength in each region. It has:
  - the leading share of the NARTD beverages market in Australia and New Zealand and dominates its key sparkling beverages category in Australia, New Zealand and Indonesia; and
  - a strong brand portfolio, albeit there is a lack of ownership of key brands that contribute the majority of earnings (approximately 75% of Amatil's earnings are derived from TCCC branded products);
- the exclusive bottler arrangements with TCCC in each region, which provide:
  - competitive benefits to Amatil in terms of marketing capability and product innovation; but also
  - reliance on TCCC as the supplier of concentrate and marketing execution;
- the diversification of the brand portfolio across non carbonated beverages (particularly in the high growth categories of bottled water and energy drinks) and alcohol/coffee, through either owned brands or arrangements with other third parties;
- a track record of performance in key markets. Amatil's New Zealand business is one of the best performing bottlers in the Coca-Cola system globally and there has been a recent turnaround in the performance of Amatil's Australian business (prior to the COVID-19 pandemic) after a period of disruption caused by competitive pressures and the introduction of container deposit schemes. The introduction of *Coca-Cola No Sugar* has been very successful in improving volumes in the core sparkling category;
- the short term outlook for growth in earnings:

  - the New Zealand business is targeting at least 5% EBIT growth and the performance of the Australian business is improving relatively quickly;
  - in developed markets as they return to pre COVID-19 pandemic volumes once restrictions are eased and customers return to restaurants, pubs and cafes (boosting the higher margin on-the-go channels), although the risk of an outbreak (and reinstatement of interstate barriers) is ever present;
  - through the opportunities for growth in alcohol, coffee and flavoured mineral waters;
  - through the ongoing impact of cost savings (e.g. the Fighting Fit cost efficiencies program); and
  - in developing markets, where most of Amatil's business operations (particularly Indonesia and Fiji) continue to face challenging trading conditions but conditions are improving (albeit not expected to be back at FY19 levels until the mid 2020s); and
- the medium to long term volume and price growth outlook for Amatil's business operations:
  - as developing markets, in particular Indonesia (which is Amatil's key growth market given its size, attractive fundamentals in terms of a growing middle class and low sparkling beverage penetration) recover from the COVID-19 pandemic, their higher growth trajectories should return (although there are competition, customer affordability and currency risks); and
  - in developed markets, where Amatil has a strong platform that has the potential to maximise the opportunities that will arise from the continued economic robustness and population growth.

In considering value, Grant Samuel has largely ignored FY20 and FY21 as both of these years are heavily impacted by the COVID-19 pandemic, particularly FY20, and are therefore not representative of Amatil's underlying performance. Accordingly, the focus has been on FY19 and FY22 multiples (notwithstanding the uncertainties attached to the FY22 forecasts). FY19 is "untainted" by the COVID-19 pandemic and FY22 forecasts appear to generally assume a full recovery.

In Grant Samuel's opinion, the multiples of around 11.5-13 times EBITDA and 16-18 times EBIT are reasonable relative to the market evidence. Amatil is a very strong business with some excellent attributes but:

- despite some market commentary, the evidence is that transactions involving Coca-Cola bottlers in developed markets occur at around 8-9 times historical EBITDA on a post synergies basis (Grant Samuel has recognised synergies in the value attributed to group office costs). Amatil predominantly operates in developed markets; and
- its performance over the past decade has been patchy (with periods of progress interrupted by adverse events or issues) and its medium to long term prospects are for modest levels of sustainable growth. Management is targeting mid single digits (i.e. 5%) EBIT growth and that is in an environment where:
  - competition is intense and gains will be "hard won";
  - the critical grocery channel faces constant price pressures and represents a greater proportion of volumes post the COVID-19 pandemic. It is unclear whether changes in consumer behaviour will be temporary (and consumers eventually revert to their pre-COVID-19 pandemic behaviour) or if there will be a permanent change in consumer behaviour;
  - the core sparkling beverages category has until very recently, been in long term structural decline and there are significant challenges in achieving consistent volume growth going forward;
  - history indicates that it is difficult to retain (for shareholders) the benefits of cost savings. There is inevitably pressure to reinvest at least a proportion of any cost savings in pricing or other initiatives; and
  - there are questions about the ability to realise the expectations for the Indonesian business; and

- Amatil does not own its key brands or control the key strategic decisions relating to its own business.

5.3 Other Assets and Liabilities

Amatil's other assets have been valued in the range $12.1-21.9 million and its other liabilities have been valued at $(121.9) million, giving a net value for other assets and liabilities in the range $(109.8)-(100.0) million. These assets and liabilities include:

- investments and other non trading assets comprising:
  - Amatil X investments at their carrying value at 31 December 2020 of $12.1 million; and
  - Amatil's right to coal mining royalties valued at its net present value (after tax) of $10 million. Given the recent legal challenge to Amatil's entitlement to these coal royalties, the uncertainty as to when any proceedings might be finalised and Amatil's intention to defend its rights, Grant Samuel has only included value for Amatil's right to coal mining royalties at the high end of its valuation range;
- operating and investment related derivatives at their marked-to-market value at 31 December 2020 of $(100.4) million; and
- the net defined benefit superannuation plan liability (after tax) at 31 December 2020 of $(21.5) million (net of the non controlling interest in Amatil's Indonesian defined benefit superannuation plan liability).

No separate value has been attributed to:

- any deferred payments received in relation to the sale of SPC (up to $15 million by June 2023 subject to business performance). Amatil has not recognised these potential payments in its balance sheet given the uncertainty as to whether they will be received; and
- the final dividend of $0.18 per share as the valuation of Amatil has been undertaken on a "cum dividend" basis (see Section 6.2.2).

5.4 Adjusted Net Debt

Amatil's adjusted net debt for valuation purposes is $1,269.9 million. This amount reflects Amatil's reported net debt at 31 December 2020 adjusted for seasonality, and net cash and intercompany loans attributable to non controlling interests:

AMATIL – ADJUSTED NET DEBT ($ MILLIONS)

	SECTION REFERENCE	VALUE
Reported net debt at 31 December 2020	3.4	(962.6)
Seasonality adjustment	refer below	(100.0)
Non controlling interest in PT Coca-Cola Bottling Indonesia net cash	refer below	(107.4)
Non controlling interest in intercompany loan from PT Coca-Cola Bottling Indonesia to Amatil	refer below	(97.8)
Non controlling interest in Paradise Beverages net cash	refer below	(2.1)
Adjusted net debt		**(1,269.9)**

Adjusted net debt has been calculated on a pre AASB16 basis, which is consistent with the basis on which Amatil's business operations have been valued (i.e. the DCF analysis starts with EBITDA that is after lease payments and the EBITDA and EBIT used to calculated implied earnings multiples are after lease payments).

Adjustments have been made to reported net debt at 31 December 2020 (before lease liabilities) to reflect:

- a "normal" level of net debt during the financial year. Amatil's net debt fluctuates over the course of the year largely reflecting the seasonality in Amatil's working capital with net debt generally close to a peak in April and October each year, coinciding with the timing for payment of dividends and the ramp up in production (inventory) associated with upcoming festive periods. Net debt is at its lowest in June and December each year. In addition, net working capital at 31 December 2020 is approximately $200 million lower than the balance at 31 December 2019. Part of this decline is due to initiatives to tighten control of working capital, but part is also due to the reduced level of trading and a higher level of working capital might be anticipated once business conditions return to "normal" (particularly in the on-the-go channel);
- non controlling interests in subsidiary cash for PT Coca-Cola Bottling Indonesia and Pacific Beverages[75]; and
- the non controlling interest in an intercompany loan from PT Coca-Cola Bottling Indonesia to Amatil. This loan is eliminated on consolidation (as Amatil consolidates 100% of PT Coca-Cola Bottling Indonesia) so it is not reflected in PT Coca-Cola Bottling Indonesia's net cash at 31 December 2020. However, allowance needs to be made for that portion of the intercompany loan that is attributable to TCCC's 29.4% interest in PT Coca-Cola Bottling Indonesia.

6 Value of Business Operations

6.1 Methodology

6.1.1 Overview

The most reliable evidence as to the value of a business is the price at which the business or a comparable business has been bought and sold in an arm's length transaction. In the absence of direct market evidence of value, estimates of value are made using methodologies that infer value from other available evidence. There are four primary valuation methodologies that are commonly used for valuing businesses:

- capitalisation of earnings or cash flows;
- discounting of projected cash flows;
- industry rules of thumb; and
- estimation of the aggregate proceeds from an orderly realisation of assets.

Each of these valuation methodologies has application in different circumstances. The primary criterion for determining which methodology is appropriate is the actual practice adopted by purchasers of the type of business involved.

6.1.2 Capitalisation of Earnings or Cash Flows

Capitalisation of earnings or cash flows is the most commonly used method for valuation of industrial businesses. This methodology is most appropriate for industrial businesses with a substantial operating history and a consistent earnings trend that is sufficiently stable to be indicative of ongoing earnings potential. This methodology is not particularly suitable for start-up businesses, businesses with an erratic earnings pattern or businesses that have unusual capital expenditure requirements. This methodology involves capitalising the earnings or cash flows of a business at a multiple that reflects the risks of the business and the stream of income that it generates. These multiples can be applied to a number of different earnings or cash flow measures including EBITDA, EBIT (or EBITA[77]) or NPAT. These are referred to respectively as EBITDA multiples, EBIT multiples (or EBITA multiples) and price earnings multiples. Price earnings multiples are commonly used in the context of the sharemarket. EBITDA and EBIT (or EBITA) multiples are more commonly used in valuing whole businesses for acquisition purposes where gearing is in the control of the acquirer but are also used extensively in sharemarket analysis.

Where an ongoing business with relatively stable and predictable cash flows is being valued, Grant Samuel uses capitalised earnings or operating cash flows as a primary reference point.

Application of this valuation methodology involves:

- estimation of earnings or cash flow levels that a purchaser would utilise for valuation purposes having regard to historical and forecast operating results, non recurring items of income and expenditure and known factors likely to impact on operating performance; and
- consideration of an appropriate capitalisation multiple having regard to the market rating of comparable businesses, the extent and nature of competition, the time period of earnings used, the quality of earnings, growth prospects and relative business risk.

The choice between parameters is usually not critical and should give a similar result. All are commonly used in the valuation of industrial businesses. EBITDA can be preferable to EBIT (or EBITA) if depreciation or non cash charges distort earnings or make comparisons between companies difficult. On the other hand, EBIT (or EBITA) can better adjust for the differences in relative capital expenditure intensity. The

[77] EBITA is earnings before net interest expense, tax and amortisation of acquired intangible assets.

impact of AASB16 (capitalisation of leases) on EBITDA and EBIT (or EBITA) also needs to be taken into account.

Determination of the appropriate earnings multiple is usually the most judgemental element of a valuation. Definitive or even indicative offers for a particular asset or business can provide the most reliable support for selection of an appropriate earnings multiple. In the absence of meaningful offers it is necessary to infer the appropriate multiple from other evidence.

The usual approach used by valuers is to determine the multiple that other buyers have been prepared to pay for similar businesses in the recent past. A pattern may emerge from transactions involving similar businesses with sales typically taking place at prices corresponding to earnings multiples within a particular range. This range will generally reflect the growth prospects and risks of those businesses. Mature, low growth businesses will, in the absence of other factors, attract lower multiples than those businesses with potential for significant growth in earnings.

An alternative approach in valuing businesses is to review the multiples at which shares in listed companies in the same industry sector trade on the sharemarket. This gives an indication of the price levels at which portfolio investors are prepared to invest in these businesses. However, share prices reflect trades in small parcels of shares (portfolio interests) rather than whole companies and it is necessary to adjust for this factor.

In interpreting and evaluating such data it is necessary to recognise:

- multiples based on listed company share prices do not include a premium for control and are therefore often (but not always) less than multiples that would apply to acquisitions of similar companies. However, while the premium paid to obtain control in takeovers is observable (typically in the range 20-35%) it is inappropriate to simply add a premium to listed company multiples. The premium for control is an outcome of the valuation process, not a determinant of value. Premiums are paid for reasons that vary from case to case and may be substantial due to synergy or other benefits available to the acquirer. In other situations, premiums may be minimal or even zero. There are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by sharemarket investors;
- acquisition multiples from comparable transactions are therefore usually seen as a better guide when valuing 100% of a business but the data tends to be less transparent and information on forecast earnings is often unavailable;
- the analysis will give a range of outcomes from which averages or medians can be determined but it is not appropriate to simply apply such measures to the company being valued. The most important part of valuation is to evaluate the attributes of the specific business being valued and to distinguish it from its peers so as to form a judgement as to where on the spectrum it appropriately belongs;
- acquisition multiples are a product of the economic and other circumstances at the time of the transaction. However, each transaction will be the product of a unique combination of factors, including:
  - economic factors (e.g. economic growth, inflation, interest rates) affecting the markets in which the company operates;
  - strategic attractions of the business - its particular strengths and weaknesses, market position of the business, strength of competition and barriers to entry;
  - the company's own performance and growth trajectory;
  - rationalisation or synergy benefits available to the acquirer;
  - the structural and regulatory framework;
  - investment and sharemarket conditions at the time; and
  - the number of competing buyers for a business;

- acquisitions of listed companies in different countries can be analysed for comparative purposes, but it is necessary to give consideration to differences in overall sharemarket levels and ratings between countries, economic factors (economic growth, inflation, interest rates) and market structures (competition etc.) and the regulatory framework (including accounting practices). It is not appropriate to adjust multiples in a mechanistic way for differences in interest rates or sharemarket levels;
- acquisition multiples are based on the target's earnings but the price paid normally reflects the fact that there were synergies available to the acquirer (at least if the acquirer is a "trade buyer" with existing businesses in the same or a related industry). If the target's earnings were adjusted for these synergies, the effective multiple paid by the acquirer would be lower than that calculated on the target's earnings; and
- while EBITDA multiples are commonly used benchmarks, they are an incomplete measure of cash flow. The appropriate multiple is affected by, among other things, the level of capital expenditure (and working capital investment) relative to EBITDA. In this respect:
    - EBIT (or EBITA) multiples can in some circumstances be a better guide because (assuming depreciation is a reasonable proxy for capital expenditure) they effectively adjust for relative capital intensity and present a better approximation of free cash flow. However, capital expenditure is lumpy and depreciation expense may not be a reliable guide (especially in a post AASB16 environment). In addition, there can be differences between companies in the basis of calculation of depreciation; and
    - businesses that generate higher EBITDA margins than their peer group companies will, all other things being equal, warrant higher EBITDA multiples because free cash flow will, in relative terms, be higher (as capital expenditure is a smaller percentage of earnings).

The analysis of comparable transactions and sharemarket prices for comparable companies will not always lead to an obvious conclusion as to which multiple or range of multiples will apply. There will often be a wide spread of multiples and the application of judgement becomes critical. Moreover, it is necessary to consider the particular attributes of the business being valued and decide whether it warrants a higher or lower multiple than the comparable companies. This assessment is essentially a judgement.

6.1.3 Discounted Cash Flow

Discounting of projected cash flows has a strong theoretical basis. It is the most commonly used method for valuation in a number of industries, including resources, and for the valuation of start-up projects where earnings during the first few years can be negative but it is also widely used in the valuation of established industrial businesses. Discounted cash flow valuations involve calculating the net present value of projected cash flows. This methodology is able to explicitly capture depleting resources, development projects and fixed terms contracts (which are typical in the resources sector), the effect of a turnaround in the business, the ramp up to maturity or significant changes expected in capital expenditure patterns. The cash flows are discounted using a discount rate which reflects the risk associated with the cash flow stream.

Considerable judgement is required in estimating future cash flows and it is generally necessary to place great reliance on medium to long term projections prepared by management. The discount rate is also not an observable number and must be inferred from other data (usually only historical). None of this data is particularly reliable so estimates of the discount rate necessarily involve a substantial element of judgement. In addition, even where cash flow forecasts are available, the terminal or continuing value is usually a high proportion of value. Accordingly, the multiple used in assessing this terminal value becomes the critical determinant in the valuation (i.e. it is a "de facto" cash flow capitalisation valuation). The net present value is typically extremely sensitive to relatively small changes in underlying assumptions, few of which are capable of being predicted with accuracy, particularly beyond the first two or three years. The arbitrary assumptions that need to be made and the width of any value range mean the results are often not meaningful or reliable. Notwithstanding these limitations, discounted cash flow valuations are commonly used and can at least play a role in providing a check on alternative methodologies, not least because explicit and relatively detailed assumptions as to expected future performance need to be made.

6.1.4 Industry Rules of Thumb

Industry rules of thumb are commonly used in some industries. These are generally used as a "cross check" of the result determined by a capitalised earnings valuation or by discounting cash flows. While they are only used as a cross check in most cases, industry rules of thumb can be the primary basis on which buyers determine prices in some industries. However, it should be recognised that rules of thumb are usually relatively crude and prone to misinterpretation. In the beverage industry, a metric that is sometimes used is value per unit case (of annual sales). However, its use is not widespread, largely as it relies in assumptions about profit per case and is, in reality, a proxy for earnings multiples.

6.1.5 Net Assets/Realisation of Assets

Valuations based on an estimate of the aggregate proceeds from an orderly realisation of assets are commonly applied to businesses that are not going concerns. They effectively reflect liquidation values and typically attribute no value to any goodwill associated with ongoing trading.

6.2 Approach for Amatil

6.2.1 Overview

Grant Samuel's valuation of Amatil has been estimated by aggregating the underlying value of its business operations (on a "control" basis) together with the realisable value of non trading assets and deducting external borrowings and non trading liabilities. The value of the business operations has been estimated on the basis of fair market value as a going concern, defined as the price that could be realised in an open market over a reasonable period of time assuming that potential buyers have full information.

In valuing Amatil's business operations, there was equal emphasis on earnings multiples and DCF analysis. Grant Samuel is not aware of any commonly used rules of thumb that would be useful to value Amatil's business operations (i.e. by adding any insight beyond that provided by earnings multiples and DCF analysis). A net assets/realisation of assets methodology is not appropriate for Amatil.

The value ranges attributed to Amatil's business operations are judgements. The objective is to determine a value that both fits with the output of DCF analysis in terms of the various scenarios and their likelihood and is consistent with the market evidence as to multiples.

6.2.2 Specific Issues

The following factors should be noted when considering the value ranges assessed by Grant Samuel:

Single Business or Sum of the Parts Valuation

Amatil's business operations in each country (and by entity where appropriate) have been valued separately and then aggregated into regions (Australia, Pacific and Indonesia and Papua New Guinea) for disclosure purposes. There are a number of reasons for this approach:

- they are separate business operations, both geographically and in terms of their structure (particularly the business operations in Indonesia and Paradise Beverages that are not wholly owned) and the business operations do not have any interaction at a customer level;
- while the economic drivers of each business operation are similar (i.e. population growth and disposable income), there are material differences between markets in terms of growth prospects and risks. Grant Samuel has separated Amatil's business operations into those in:

- developed (or mature) markets – Australia and New Zealand; and
- developing (or high growth potential) markets – Indonesia, Fiji and Samoa;

- each country is likely to have a different recovery from the COVID-19 pandemic in terms of the extent and duration of the impact and when volumes, product mix and earnings can be expected to return to FY19 levels;
- some entities in the Amatil group are not 100% owned, in particular, PT Coca-Cola Bottling Indonesia (in which TCCC holds a 29.4% interest) and Paradise Beverages (in which external shareholders hold a 10.4% interest)[78]. These entities need to be valued separately to enable accurate adjustment for the non controlling interests;
- transaction evidence is available for Coca-Cola bottlers (and other beverage contract manufacturers and beverage companies) in both developed and developing markets; and
- there are a number of comparable listed companies (including Coca-Cola bottlers) in both developed and developing markets.

The business valuations have been aggregated into regions for disclosure purposes as this is consistent with Amatil's disclosure of earnings (for the calculation of earnings multiples).

AASB16 Adjustments

Grant Samuel's valuation of Amatil (including its business operations) has been prepared on a pre AASB16 basis. This approach:

- enables consideration of trends in each business (in particular, EBITDA and EBIT margins) on a consistent basis; and
- is consistent with the comparable transaction multiples, the vast majority of which took place prior to the introduction of AASB16 (from January 2019).

The adjustments that have been made to prepare the valuation on a pre AASB16 basis include:

- the historical and forecast (company and broker consensus) earnings (EBITDA and EBIT) for each business operation and for Amatil group that are used to calculate implied earnings multiples have been adjusted to include lease payments and exclude (in the case of EBIT) the depreciation component of the AASB16 adjustment (see Sections 3.3, 4.1, 4.2, 4.3, 4.4 and Appendix 1);
- the estimated impact of AASB16 on the earnings and net debt of relevant comparable listed companies has been reversed (see Section 6.3);
- the DCF analysis for each of the business operations subtracts lease payments from operating cash flow (see Section 6.4); and
- lease liabilities have been excluded from the calculation of Amatil's net debt (see Section 5.4).

It should be noted that AASB16 is an accounting concept and its application does not have any impact on cash flow or the value of a business or a company. A valuation prepared on a post AASB16 basis should give the same result as a valuation prepared on a pre AASB16 basis provided that all elements of the valuation (earnings, multiples, net debt) are determined and applied on a consistent basis.

Cum Dividend Valuation

The valuation is on a cum dividend basis to align it with the aggregate Scheme Consideration of $13.50 per share (i.e. it is before the final dividend of $0.18 per share).

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[78] In addition, Paradise Beverages consolidates Samoa Breweries, in which it holds a 93.9% interest. No specific allowance has been made for the non controlling interest in Samoa Breweries as it is immaterial in the context of the overall valuation of Amatil.

Earnings for Valuation Purposes

For valuation purposes, Grant Samuel has used as its starting point the FY19 and FY20 pro forma historical earnings (adjusted for the impact of AASB16) and the FY21 and FY22 adjusted median broker forecasts (also adjusted for the impact of AASB16) for Amatil and each of its business operations. Adjustments have been made to the pro forma FY19 and FY20 earnings and the adjusted FY21 and FY22 broker median forecasts to:

- include the share of profit from equity accounted investments in EBITDA and EBIT. This approach has been adopted given the immateriality of the earnings from equity accounted investments (less than 1% of NPAT from continuing operations). The share of profit has been grossed up at the Australian corporate tax rate of 30%[79] to determine a pre tax profit which is used as a proxy for EBITDA and EBIT;
- allocate those elements of the Corporate and Services EBITDA and EBIT that are better included as part of Amatil's business operations in Australia and the Pacific (see Section 4.4); and
- add back the savings in listed company and other group office costs that would be available to any acquirer of Amatil (see Section 6.8).

These adjustments ensure that the FY19 and FY20 pro forma historical earnings and the FY21 and FY22 adjusted broker median forecasts for Amatil (and each of its business operations) are shown on a consistent basis. The adjustments made to pro forma FY19 and FY20 earnings and the FY21 and FY22 adjusted broker median forecasts are set out below:

AMATIL – CALCULATION OF EARNINGS FOR VALUATION PURPOSES ($ MILLIONS)

	REPORT SECTION REFERENCE	FY19 PRO FORMA	FY20 PRO FORMA	BROKER MEDIAN	
				FY21	FY22
Australia					
Operating EBITDA (pre AASB16)	4.1	488 3	428.7	493.3	538.5
Share of profit from equity accounted investments[80]	4.1	(0.6)	(1.1)	-	-
Services operating EBITDA (pre AASB16)	4.4	108 8	100.2	100.1	100.1
Services share of profit from equity accounted investments[80]	4.4	3.4	1.6	4.3	4.8
Adjusted EBITDA for valuation purposes		**599.8**	**529.4**	**598.7**	**643.5**
Australia depreciation and amortisation	4.1	(72.5)	(75.0)	(80.2)	(80.7)
Services depreciation and amortisation	4.4	(73.3)	(65.1)	(64.5)	(63.3)
Adjusted EBIT for valuation purposes		**454.0**	**389.3**	**454.0**	**499.5**
Pacific					
Operating EBITDA (pre AASB16)	4.2	168 8	166.6	178.6	195.5
Services operating EBITDA (pre AASB16)	4.4	6 8	7.0	7.0	7.0
Adjusted EBITDA for valuation purposes		**175.6**	**173.6**	**185.5**	**202.6**
Pacific depreciation and amortisation	4.2	(37.4)	(37.0)	(40.4)	(50.4)
Services depreciation and amortisation	4.4	(1 3)	(1.3)	(1.2)	(1.1)
Adjusted EBIT for valuation purposes		**136.9**	**135.2**	**144.0**	**151.0**
Indonesia and Papua New Guinea					
Operating EBITDA (pre AASB16)	4.3	189 8	142.4	147.0	172.7
Adjusted EBITDA for valuation purposes		**189.8**	**142.4**	**147.0**	**172.7**
Depreciation and amortisation	4.3	(94.1)	(81.6)	(67.4)	(71.5)
Adjusted EBIT for valuation purposes		**95.7**	**60.8**	**79.7**	**101.1**

79 All of the equity accounted investments are in Australia.

80 Grossed up at the Australian corporate tax rate of 30% as a proxy for EBITDA and EBIT.

AMATIL – CALCULATION OF EARNINGS FOR VALUATION PURPOSES ($ MILLIONS) (CONT)

	REPORT SECTION REFERENCE	FY19 PRO FORMA	FY20 PRO FORMA	BROKER MEDIAN	
				FY21	FY22
Consolidated Business Operations					
Operating EBITDA (pre AASB16)	3.3	903.8	802.4	874 8	952 0
Share of profit from equity accounted investments[80]	3 3	2.7	0.5	4.3	4 8
Group office cost savings	6 8	29.3	21.4	18.4[81]	16.7[81]
Adjusted EBITDA for valuation purposes		**935.8**	**824.3**	**897.4**	**973.5**
Depreciation and amortisation		(279.2)	(265.1)	(273 8)	(276 2)
Adjusted EBIT for valuation purposes		**656.6**	**559.2**	**623.6**	**697.3**

Source: Amatil, broker reports and Grant Samuel analysis

These earnings figures are referred to in Section 5.2 (Business Operations) and Section 6.5 (Australia), Section 6.6 (Pacific) and Section 6.7 (Indonesia and Papua New Guinea) of this report as "adjusted EBITDA" and "adjusted EBIT".

Currency

Each of Amatil's business operations has been valued in its local currency. For the purposes of this report:

- the valuation summary for each region has been presented in the currency of the dominant business operation:
  - the Pacific region is presented in NZ$, with the value of the business operations in Fiji (including Pacific Beverages) converted to NZ$ at an exchange rate of F$1 = NZ$0.69; and
  - Indonesia and Papua New Guinea is presented in IDR, with the value of the business operations in Papua New Guinea converted to IDR at an exchange rate of PGK1 = IDR4,066.9; and
- the valuations of the Pacific region and the Indonesia and Papua New Guinea region have then been converted to A$:
  - the Pacific region has been converted to A$ at an exchange rate of NZ$1 = A$0.93 and
  - Indonesia and Papua New Guinea has been converted to A$ at an exchange rate of IDR10,991.6 = A$1.

The exchange rates adopted in all cases represent the closing exchange rates on 31 December 2020.

6.3 Market Evidence on Earnings Multiples

Overview

Valuation analysis involves the review of earnings and other multiples that buyers have been willing to pay for similar businesses in the recent past and a review of the multiples at which shares in comparable listed companies trade on sharemarkets. This analysis will not always lead to an obvious conclusion of an appropriate range of multiples as there will often be a wide spread of multiples. It is necessary to consider the particular attributes of the business operation being valued (relative to the peers) as well as the prevailing economic conditions.

Amatil operates in the beverages sector in the Asia Pacific region. Grant Samuel's review of the market evidence has considered transactions and listed companies involved in similar activities (including other Coca-Cola bottlers) in Australia and internationally.

81 Group office cost savings for the consolidated business operations is a balancing item as the sum of the broker median consensus forecasts for each of the regions does not align exactly to the consolidated broker median forecasts.

Grant Samuel has:

- separated the analysis of earnings multiples into developed (or mature) markets and developing (or high growth potential) markets to better reflect the different growth prospects in each market; and
- calculated EBITA multiples (rather than EBIT multiples) for comparable transactions and comparable trading multiples to ensure that the market evidence is not distorted by the impact of amortisation of acquired intangible assets (particularly for beverage businesses that own brands). Amortisation of acquired intangible assets for Amatil is immaterial (less than 0.1% of total depreciation and amortisation). Consequently, the comparable transaction and trading EBITA multiples are equivalent to implied EBIT multiples for Amatil. EBIT multiples are a better guide that EBITDA multiples as they effectively adjust for relative capital intensity but are often not available for comparable transactions.

Transaction Evidence

For both developed and developing markets, Grant Samuel has considered transaction evidence involving:

- other Coca-Cola bottlers, noting that:
  - the number of transactions in developed markets for which there is sufficient information to calculate transaction multiples is limited and only one has occurred within the past five years; and
  - the majority of transactions in developing markets have been of smaller scale and primarily involved Latin American bottlers as local market leaders sought to consolidate the fragmented industry at the time (and are also mostly more than five years ago);
- other global bottlers and beverage producers, including bottlers that operate under similar arrangements to Amatil (e.g. PepsiCo) and contract manufacturers or private label beverage producers; and
- vertically integrated beverage companies that own brands and may (to greater or lesser degrees) outsource to third party the more capital intensive bottling or production activities associated with beverage companies (similar to TCCC). These companies are relevant to the valuation of Amatil given that Amatil owns a number of its NARTD beverage brands as well as alcohol and coffee brands (albeit these brands represent a relatively small proportion of Amatil's overall revenue and earnings).

While Grant Samuel would typically consider recent transaction evidence over, say, the past five years, earlier transactions (as far back as 2009) have been considered where they are particularly relevant (e.g. transactions involving other Coca-Cola bottlers) or provide meaningful benchmarks for the valuation of Amatil's business operations (e.g. the transactions involving Frucor, Schweppes Australia and P&N Beverages Australia Pty Ltd ("P&N Beverages")).

Grant Samuel has focused on post synergy transaction multiples[82] (where these are able to be calculated) on the basis that they can make a material difference to the effective multiple paid by the acquirer and can vary substantially from case to case. In Amatil's case, there are limited opportunities for synergies other than those available to any acquirer of Amatil (i.e. listed company costs and some group office costs) and Amatil's earnings for valuation purposes have been adjusted to include the benefit of these synergies.

In considering the transaction evidence, it should be noted that:

- with the exception of Bega Cheese's acquisition of Lion Dairy & Drinks, all of the transactions occurred prior to the introduction of AASB16 (and are therefore on a pre AASB16 basis); and
- meaningful forecast earnings multiples have not been able to be calculated as most of the target companies were either privately held, unlisted businesses, or individual divisions of large, listed entities.

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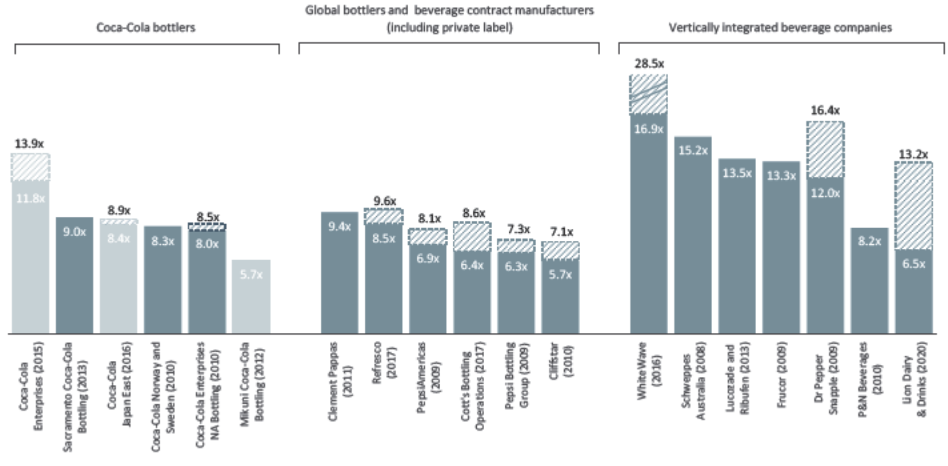
82 The post synergies multiples do not allow for the costs of achieving the synergies. These are one off costs and are often not disclosed. In any event, their impact on the post synergies multiples would not be material.

DEVELOPED MARKETS

The following charts summarise the historical EBITDA and EBITA multiples for transactions in developed markets such as the United States, Canada Japan and Western Europe:

RELEVANT COMPARABLE TRANSACTIONS – DEVELOPED MARKETS

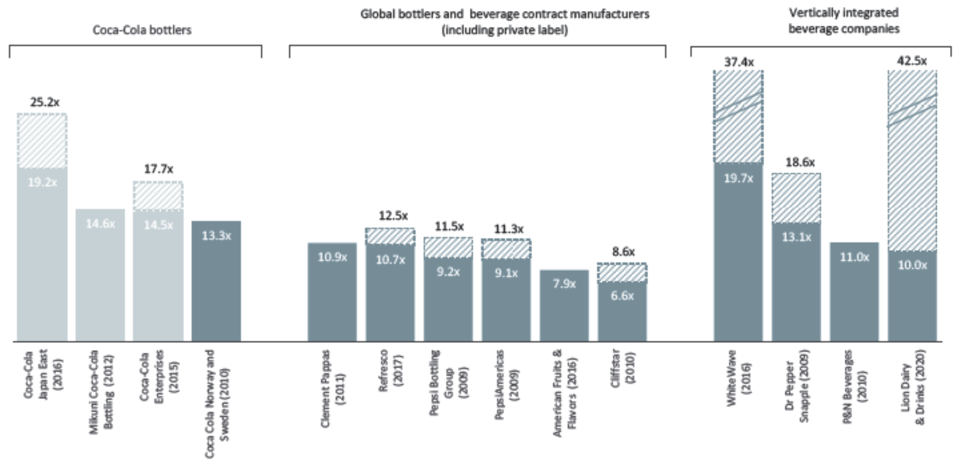
HISTORICAL EBITDA MULTIPLES (PRE AASB16)



Source: Grant Samuel analysis[83 84]

RELEVANT COMPARABLE TRANSACTIONS – DEVELOPED MARKETS

HISTORICAL EBITA MULTIPLES (PRE AASB16)



Source: Grant Samuel analysis[83 84]

The charts above show:

- post synergies transaction multiples (where these are able to be calculated), with pre synergies multiples shown as hatched shading with dotted outlines; and
- non control transactions (such as mergers), where the consideration may not have reflected a full premium for control, in a lighter shade.

The transaction evidence for developed countries shows a clear distinction between bottlers and brand owning beverage companies. Transactions involving:

- bottlers have generally taken place at multiples of 6-9 times historical EBITDA (post synergies) and 8-13 times historical EBITA (post synergies). Transactions involving Coca-Cola bottlers have taken place towards the top end of this range, at 8-9 times historical EBITDA (post synergies) and 13 times historical EBITA (post synergies); and
- beverage companies that own brands have generally taken place at multiples of 12-13.5 times historical EBITDA (post synergies). These higher multiples reflect the greater ability of brand owners to leverage their brand equity globally (in contrast to bottlers operating under bottling agreements that limit their operations to specific territories) and the lower capital intensity these businesses as they are able to outsource capital intensive bottling and production activities.

The four largest participants in Australia's NTARD sector (Amatil, Frucor, Schweppes Australia and P&N Beverages) were the subject of acquisition interest from Japanese buyers over the period from 2008 to 2011:

- Amatil received a non binding proposal from Lion Nathan Limited ("Lion Nathan") (an ASX listed company then 46% owned by Kirin Holdings Company, Limited ("Kirin"), a global brewing and beverages business based in Japan) in November 2008 under which Amatil shareholders (including TCCC) would receive a mixture of cash and Lion Nathan scrip valuing Amatil's equity at approximately $8.0 billion. The proposed consideration implied multiples of:
  - 11.3 times historical EBITDA, 10.8 times forecast EBITDA and 14.2 times historical EBITA pre synergies; and
  - 9.9 times historical EBITDA, 9.5 times forecast EBITDA and 12.1 times historical EBITA post synergies (Lion Nathan expected to realise synergy benefits in the range $100-130 million per annum[85]).

  However, Amatil decided not to progress review of the proposal on the basis that it did not represent fair value for Amatil shares and did not have the support of TCCC (which was a condition of the proposal). Lion Nathan withdrew its proposal in February 2009;
- subsequent to the withdrawn offer for Amatil, both Schweppes Australia and Frucor were acquired at substantially higher transaction multiples:
  - Frucor (the market leader in energy drinks throughout Australasia, and the second largest non alcoholic drinks company in New Zealand) was acquired by Suntory in February 2009 for $1.2 billion or 13.3 times historical EBITDA; and
  - the acquisition of Schweppes Australia by Asahi for $1.185 billion in March 2009 implied an historical EBITDA multiple of 15.2 times (pre synergies), higher than the transaction multiples for other developed market bottlers at the time. Schweppes Australia was the second largest carbonated beverages business in Australia (after Amatil). Its extensive portfolio consisted of owned brands including *Schweppes*, *Solo*, *Passiona*, *Cottee's Cordial*, *Spring Valley*, *Cool Ridge* and *Frantelle* as well as the licence to manufacture and distribute *Pepsi* and *Gatorade*. Its acquisition by Asahi came after TCCC waived its pre-emptive right to acquire Schweppes

[83] Grant Samuel analysis based on data obtained from IRESS, S&P Global Market Intelligence, company announcements and transaction documentation.

[84] Historical multiples are generally based on the most recent publicly available full financial year earnings prior to the transaction announcement date. Where this financial information is not available, earnings for the last twelve month period have been used.

[85] Post synergies multiples have been calculated using the midpoint of the expected synergies range.

Australia[86]. These multiples are before synergies. No post synergies multiples are able to be calculated based on publicly available information although Asahi had identified supply chain and manufacturing synergies that would have reduced the effective multiples paid. The subsequent write down of goodwill by Asahi may have indicated that it overpaid for the business; and

- in August 2010, Asahi announced that it had entered into an agreement to acquire the privately held P&N Beverages for $364 million, with the intention of merging it with the recently acquired Schweppes Australia. P&N Beverages was the third largest Australian manufacturer of both carbonated beverages and cordial (under a number of brands) and was the largest supplier of private label soft drinks in Australia. P&N Beverages' carbonated beverages were low priced alternatives to the carbonated beverages supplied by Amatil and Schweppes Australia. The lower implied multiples (8.2 times historical EBITDA and 11.0 times historical EBITA, before synergies) are likely to reflect the significantly smaller scale and lower margins of P&N Beverages[87] relative to Amatil, Frucor and Schweppes Australia. The implied multiples would be lower again after allowing for synergies from combining P&N Beverages with Schweppes Australia[88].

In relation to the transactions involving Coca-Cola bottlers:

- three of the six transactions were scrip mergers that arguably did not reflect a full premium for control:
  - Coca-Cola East Japan Co., Ltd ("Coca-Cola East Japan") was formed in December 2012 from the merger of four local bottlers, including the listed Mikuni Coca-Cola Bottling Co., Ltd ("Mikuni Coca-Cola Bottling"). Four years later in September 2016, the listed Coca-Cola East Japan merged with Coca-Cola West Co., Ltd to form Coca-Cola Bottlers Japan Inc. ("Coca-Cola Japan"), a bottler with national scale and a 90% share of the domestic market for Coca-Cola products. These Japanese Coca-Cola bottlers generated considerably lower margins than other Coca-Cola bottlers (6.5-7.5% EBITDA margins and 2-3% EBITA margins). In addition to the transactions being structured as scrip mergers, these low margins act as a constraint on the implied multiples, particularly the implied EBITDA multiples; and
  - in August 2015, the listed Coca-Cola Enterprises, Inc. ("Coca-Cola Enterprises") merged with two privately owned bottlers, Coca-Cola Iberian Partners, S.A.C. and Coca-Cola Erfrischungsgetränke AG (owned by TCCC) to form CCEP, the largest independent Coca-Cola bottler globally with a geographic footprint across Western Europe. Coca-Cola Enterprises shareholders received a cash dividend of US$14.50 per share and a collective 48% interest in CCEP. The merger was expected to generate up to US$350-375 million in revenue and cost synergies (15% of the pro forma EBITDA of the combined entities). The relatively high implied historical post synergies EBITDA multiple of 11.8 times possibly reflects the scale and strategic importance of the transaction (despite it being a merger), although the implied historical post synergies EBITA multiple is not inconsistent with the implied EBITA multiples for control transactions involving other Coca-Cola bottlers (at 14.5 times). The implied forecast post synergies multiples (not shown in the chart above) are lower, at 10.4 times EBITDA and 13.0 times EBITA[89]; and

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[86] TCCC had a pre-emptive right to negotiate the acquisition of Schweppes Australia under an agreement reached in 1999 when Cadbury plc sold its global beverage brands. However, given Amatil's existing leading share of the carbonated beverages market, TCCC and Amatil would have faced competition and related regulatory hurdles buying Schweppes Australia or any of its brands.

[87] P&N Beverages generated an 11.6% EBITDA margin and an 8.6% EBIT margin in the 2010 financial year.

[88] The Australian Competition and Consumer Commission opposed the transaction in March 2011 and an alternative transaction structure was agreed under which Asahi acquired all of P&N Beverages and simultaneously on sold the carbonated beverages and cordial businesses to Tru Blu Beverages Pty Ltd, a company owned by the owner of P&N Beverages. As a result, Asahi only acquired the water and juice businesses of P&N Beverages for $188 million (7.2 times historical EBITDA).

[89] Grant Samuel has calculated the implied multiples for Coca-Cola Enterprises assuming an equity value equal to value of Coca-Cola Enterprise shareholders' 48% interest in CCEP (based on the five day post completion VWAP) plus the amount of the cash dividend received. Expected synergies of US$350-375 million have been allocated to Coca-Cola Enterprises based on its 48% interest in CCEP.

- TCCC's North American refranchising strategy resulted in a series of transactions to accelerate change in the United States, which was the only market that granted perpetual bottling agreements with geographic exclusivity. This market was unique as franchise territories were dis-contiguous and production processes were not streamlined. Retailers had consolidated, but independent bottlers remained fragmented, hindering their ability to generate the efficiencies required to compete in one of the largest NARTD beverages markets globally:
  - TCCC consolidated its bottling franchises in the United States through the 2010 acquisition of Coca-Cola Enterprises' North American bottling operations (8 times historical EBITDA) and the 2013 acquisition of Sacramento Coca-Cola Bottling Co., Inc., the sixth largest independent United States Coca-Cola bottler at the time (9 times historical EBITDA); and
  - at the same time as the 2010 acquisition of Coca-Cola Enterprises' North American bottling operations, TCCC agreed to sell its Norwegian and Swedish bottling operations ("Coca-Cola Norway and Sweden") to Coca-Cola Enterprises at implied multiples of 8.3 times historical EBITDA and 13.3 times historical EBITA.

  The transaction multiples are similar despite the difference in scale between Coca-Cola Enterprises' North American bottling operations (enterprise value of US$13.4 billion) and Coca-Cola Norway and Sweden (enterprise value of US$822 million) possibly due to the connected nature of the two transactions and the strategic importance of the North American bottling operations to TCCC.

The wider range of implied multiples for other global bottlers and contract beverage manufacturers reflect the specific characteristics of individual transactions:

- Clement Pappas & Co. Inc. ("Clement Pappas"), the second largest producer of store brand ready to drink fruit juices and drinks in the United States, was acquired by Lassonde Industries Inc. ("Lassonde") at 9.4 times historical EBITDA and 10.9 times historical EBITA. These high implied multiples relative to other comparable transactions (and despite the relatively small size of the transaction at around US$560 million) reflect the scale benefits from combining Lassonde's Canadian and Clement Pappas' United States leading fruit juice and drink manufacturers to create a leader in the North American market. Post synergies multiples were not able to be calculated as no synergies were disclosed; and
- a number of transactions have taken place at multiples of around 6-7 times historical EBITDA (post synergies) and less than 11 times historical EBITA. These lower transaction multiples reflect:
  - smaller scale (e.g. Cliffstar Corporation ("Cliffstar"), American Fruits & Flavors, LLC ("American Fruits & Flavors"));
  - focus on private label products (i.e. no brand name) (e.g. Cliffstar, Cott Corporation's bottling operations); and
  - operations further upstream in the beverage value chain (e.g. American Fruits & Flavors was Monster Beverage Corporation's primary flavour supplier).

  The PepsiCo bottler transactions took place at multiples of 6.3-6.9 times historical EBITDA post synergies and 9.1-9.2 times historical EBITA post synergies, despite both transactions being of substantial size and strategic importance. The transaction consolidated 80% of PepsiCo's North American supply chain under one group, generating operating efficiencies and streamlining market decisions. These lower multiples (in comparison to transactions involving Coca-Cola bottlers) may reflect their timing (post the global financial crisis) as well as the relative strength of the *Pepsi* brand compared to the *Coca-Cola* brand.

Acquisitions of vertically integrated beverage companies outside the range 12-13.5 times historical EBITDA (post synergies) include Schweppes Australia and P&N Beverages, which are discussed above. In addition to these transactions:

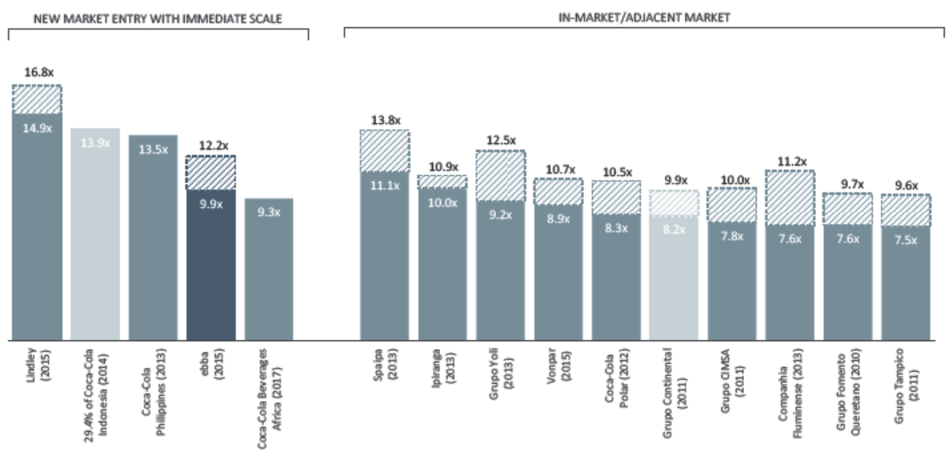
- The WhiteWave Foods Company ("WhiteWave") was a global leader in organic foods, plant-based alternatives to milk and related products, with a portfolio of well recognised brands and a track record of highly profitable growth. Its acquisition by Danone S.A. ("Danone") further diversified Danone's product portfolio into the organic and dairy alternative segments, broadened its presence in North America and enhanced its growth profile (WhiteWave was the fastest growing food and beverage company in the United States and one of the fastest growing in Europe for the prior four years). Significant synergies of US$300 million were expected to be achieved by 2020 (representing 8% of WhiteWave's 2015 revenue and almost 80% of its 2015 EBITDA); and
- in its November 2020 announcement of the acquisition of Lion Dairy & Drinks, Bega Cheese disclosed that the acquisition price of $534 million represented an historical EBITDA multiple of 10.9 times (pre synergies) and 6.3 times (post synergies) on a post AASB16 basis. The pre AASB16 post synergies multiples are estimated to be 6.5 times historical EBITDA and 10.0 times historical EBITA[90]. The acquisition enabled Bega Cheese to achieve immediate delivery of its 2023 target to achieve 70% branded sales. While Lion Dairy & Drinks' portfolio of branded beverages could be expected to support higher implied multiples, the business is capital intensive, operating an extensive network of processing facilities and cold chain distribution assets and generates significant revenue and earnings from the low margin white milk category. Bega Cheese's acquisition price was lower than the offer by China Mengniu Dairy Company Limited ("China Mengniu") a year earlier which was withdrawn after it become likely that it would not receive Foreign Investment Review Board approval.

DEVELOPING MARKETS

The following charts summarise the historical EBITDA and EBITA multiples for transactions in developing markets (primarily Latin America, Asia and Africa):

RELEVANT COMPARABLE TRANSACTIONS – DEVELOPING MARKETS

HISTORICAL EBITDA MULTIPLES (PRE AASB16)



Source: Grant Samuel analysis[83 84]

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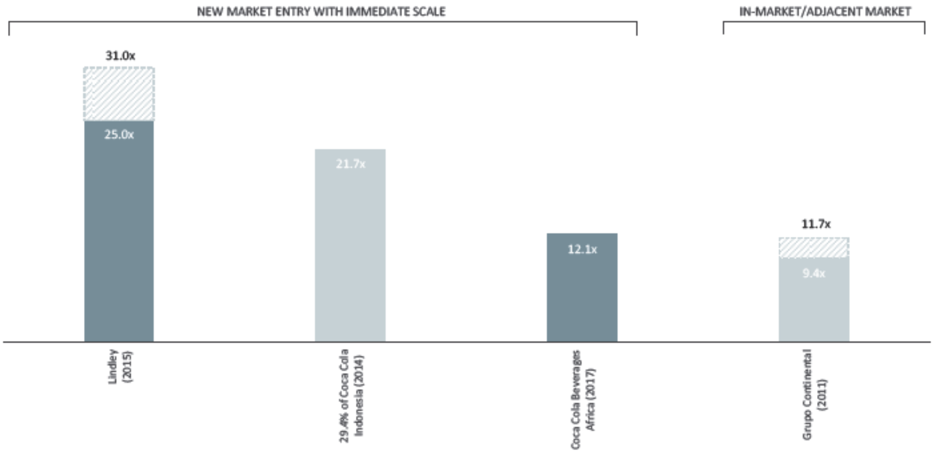
[90] Assuming AASB16 lease depreciation and interest as a proxy for lease payments. Based on Bega Cheese's announcement, Lion Dairy & Drinks had $77.8 million in AASB16 lease liabilities and $13 million of AASB16 depreciation. Grant Samuel has assumed a 3% incremental borrowing rate to calculate the lease interest component.

RELEVANT COMPARABLE TRANSACTIONS – DEVELOPING MARKETS

HISTORICAL EBITA MULTIPLES (PRE AASB16)



Source: Grant Samuel analysis[83 84]

All of the transactions in developing markets are for Coca-Cola bottlers other than the 2015 acquisition of Empresa Brasiliera de Bebidas e Alimentos ("ebba") by Britvic plc ("Britvic") (shown as a darker bar in the EBITDA multiples chart above).

The charts above show:

- post synergies transaction multiples (where these are able to be calculated), with pre synergies multiples shown as hatched shading with dotted outlines; and
- non control transactions (such as mergers), where the consideration may not have reflected a full premium for control, in a lighter shade.

At 7.5-14.9 times historical EBITDA and 9.4-25.0 times historical EBITA (post synergies), the range of implied multiples for transactions in developing markets is much wider than the range for transactions in developed markets. However, the general theme is that implied multiples, which mostly fall in the range 8-11 times historical EBITDA post synergies, are higher than those in developed markets (at 8-9 times historical EBITDA post synergies). It is difficult to establish any consistent pattern in historical EBITA multiples, which are only occasionally reported, and those that are available fall in a very wide range reflecting the individual circumstances of each transaction. However, there is some support for EBITA multiples in excess of 20 times, considerably higher than those in developed markets (at around 13 times historical EBITA post synergies).

The best interpretation of this pattern is that:

- the higher EBITDA multiples reflect existing low penetration levels of NARTD beverages and the potential for high growth as economic development leads to a burgeoning middle class with a higher propensity to consume. This is often coupled with relatively high population growth rates; and
- many developing markets exhibit low EBITDA margins and relatively high capital expenditure intensity (i.e. capital expenditure representing a high proportion of EBITDA). As a result, EBIT margins are very low, and the implied multiples (based on current or short term earnings) are pushed to extreme levels (in some cases). However, as the high market growth improves volumes and EBITDA margins and the capital intensity subsides, the effective EBITA multiples fall quickly back towards more "normal" levels.

The transactions in developing markets have involved:

- in-market or adjacent market acquisitions that provided scale benefits (logistics and distribution synergies). As a consequence, the effective multiples post synergies of 8-10 times EBITDA are well below the headline multiples; or
- entry to a new market at scale by acquiring the local market leader. These transactions have taken place at higher historical multiples of around 13.5-15 times EBITDA. Synergies can be (but are not always) less relevant in these transactions.

The majority of the in-market/adjacent market acquisitions took place in Latin America over the period from 2010 to 2015 as the Coca-Cola bottling market consolidated through a series of acquisitions by the leading participants seeking scale and market presence. Most of the transaction activity occurred in Mexico, Brazil, Argentina and Chile:

- Coca-Cola FEMSA, S.A.B. de C.V. ("Coca-Cola FEMSA") and Arca Continental S.A.B. de C.V. ("Arca Continental") cemented their market leading positions in Mexico through a series of acquisitions. Coca-Cola FEMSA's acquisitions of Grupo Fomento Queretano S.A. de C.V. ("Grupo Fomento Queretano"), Grupo Tampico, S.A.P.I. De C.V. ("Grupo Tampico"), Grupo CIMSA and Grupo Yoli consolidated majority of TCCC's distribution footprint in southern Mexico. The acquisitions were made at post synergies multiples of around 7.5-8.0 times EBITDA other than Grupo Yoli, which was acquired at a higher post synergies multiple of 9.2 times EBITDA. This higher multiple may have been due to Grupo Yoli's central geographic location, which connected the Grupo CIMSA territories more closely with the wider group.

  Embotelladoras Arca, S.A. de C.V. merged with Grupo Continental S.A.B. de C.V. ("Grupo Continental") to expand its scale across the northern and western regions of Mexico. The combined entity positioned Arca Continental (the merged entity) as the second largest bottler in Latin America. The transaction was completed at 8.2 times historical EBITDA (post synergies) and 9.4 times historical EBITA (post synergies). While this transaction was larger than the Coca-Cola FEMSA transactions that took place at around the same time, its structure as a scrip merger meant that Grupo Continental shareholders became a significant proportion of the shareholders in Arca Continental and were able to benefit from the synergies achieved;
- as one of the five largest markets for TCCC products, Brazil has been a key market for consolidation. While overall economic growth slowed post 2010, Brazil has a young and growing middle class, the prime demographic for driving increased NARTD beverage consumption. After consolidating its market position in Mexico, Coca-Cola FEMSA turned its attention to Brazil, where it acquired Companhia Fluminense and Spaipa S.A ("Spaipa") in 2013 and Vonpar S.A. ("Vonpar") in 2015. The 2013 transactions increased Coca-Cola FEMSA's volumes in Brazil by around 55%, giving it approximately 39% of TCCC volumes in Brazil. The acquisition of Vonpar two years later increased Coca-Cola FEMSA's share of Brazilian TCCC volumes to around 49%. Spaipa was acquired at a higher historical EBITDA multiple (post synergies) of 11.1 times reflecting its scale as the second largest privately owned TCCC bottler in Brazil as well as its franchise area, which had one of the highest GDP per capita levels in Brazil. The lower historical EBITDA multiple (post synergies) for Companhia Fluminense probably reflects its smaller size.

  Embotelladora Andina S.A. ("Andina") also had a substantial presence in Brazil, and in 2013 announced the acquisition of Companhia de Bebidas Ipiranga ("Ipiranga") at 10.0 times historical EBITDA (post synergies). Ipiranga's footprint covered Sáo Paulo and Minas Gerais, which were contiguous to Andina's existing operations; and
- Andina's acquisition of Embotelladoras Coca-Cola Polar S.A ("Coca-Cola Polar") at 8.3 times historical EBITDA post synergies reinforced Andina's position as one of the leading Coca-Cola bottlers in Latin

America, adding Coca-Cola Polar's franchises in Chile, Argentina and Paraguay to Andina's existing operations in Chile, Brazil, and Argentina.

Transactions in developing markets involving entry into a new market at scale by acquiring the local market leader have taken place across Asia and Latin America:

- TCCC's US$500 million investment for a 29.4% interest in PT Coca-Cola Bottling Indonesia implies relatively high multiples of 13.9 times historical EBITDA and 21.7 times historical EBITA, even though it represents a minority investment. However, the investment was strategically important to TCCC:
  - the implied multiples reflect the attractive growth opportunity in Indonesia underpinned by the country's positive socioeconomic trends as well as the market challenges at time (which were depressing PT Coca-Cola Bottling Indonesia's earnings). The TCCC investment was part of a joint vision by TCCC and Amatil to accelerate PT Coca-Cola Bottling Indonesia's growth strategy; and
  - while Amatil retains management and operational control, this is subject to certain reserved matters and other limited rights of TCCC, including the PT Coca-Cola Bottling Indonesia Board comprising three nominees appointed by Amatil and two nominees appointed by TCCC and any changes to the growth and return objectives (long term market leadership and economic returns) requiring unanimous approval by the Board;
- the high multiples implied by Arca Continental's acquisition of 53.2% interest in Corporacion Lindley S.A. ("Lindley") (14.9 times historical EBITDA post synergies and 25.0 times historical EBITA post synergies[91]) reflect the company's position as the only authorised bottler and distributor of TCCC products in Peru. While Peru was a new market for Arca Continental, the acquisition expanded its Latin American footprint and there were substantial synergies with Arca Continental's existing operations, particularly in neighbouring Brazil. In addition, Lindley owned and produced Peru's market-leading sweetened soft drink brand *Inca Kola;*
- Coca-Cola FEMSA continued its aggressive acquisition strategy, acquiring a 51% interest in Coca-Cola Bottlers Philippines, Inc. ("CCBPI") from TCCC in 2013 for US$688.5 million. CCBPI had reported declining volumes and profitability, in part due to increased competition, particularly from PepsiCo. However, the Philippines still had one of the highest per capita consumption rates of Coca-Cola products in the Asia Pacific region and provided significant opportunities for growth. TCCC and Coca-Cola FEMSA established a joint strategic three-year plan for CCBPI, including growing overall volumes from 545 million unit cases in 2012 to 650 million unit cases by 2015 (average annual growth of 6.2%). The relatively high implied multiples reflect Coca-Cola FEMSA's plans to leverage its experience and operating capabilities in an economy with good growth prospects to drive improvements in CCPBI's financial and operating performance.

  As part of the agreement, Coca-Cola FEMSA had an option to acquire the remaining 49% of CCBPI at any time during the following seven years and had a put option to sell its 51% interest in CCPBI to TCCC at any time during year six. In 2018, Coca-Cola FEMSA exercised this put option, selling its 51% interest in CCBPI back to TCCC at an estimated 9 times historical EBITDA and 22 times historical EBITA. The lower implied multiples for the sale were possibly due to the challenges from newly introduced sugar taxes and a restructuring of the business;
- United Kingdom based Britvic acquired ebba at an implied historical EBITDA multiple of 9.9 times (post synergies), reflecting ebba's market leading position in Brazil's liquids concentrates category, the largest liquids concentrate market globally. The ebba acquisition was Britvic's first entry into the Brazilian market and reflected Britvic's strategy to prioritise international expansion given weak fundamentals in its domestic market (e.g. the new sugar tax in Great Britain, increasing commodity costs and weaker currency); and

[91] Based on actual reported synergies of US$40 million, which were 60% higher than initial estimates.

- in October 2016, TCCC exercised its right to acquire Anheuser-Busch InBev's ("AB InBev") 54.5% in Coca-Cola Beverages Africa following completion of the closing of AB Inbev's merger with SABMiller (increasing TCCC's interest in Coca-Cola Beverages Africa to 68.3%). Coca-Cola Beverages Africa operated in 14 high growth countries that represented about 40% of all Coca-Cola beverage volumes in Africa. The relatively low implied historical EBITDA multiple of 9.3 times may reflect Coca-Cola Beverages Africa being non core to AB InBev's portfolio, which was primarily globally scalable beer brands.

Sharemarket Evidence

TCCC has a global network of bottlers with exclusive rights to bottle and distribute Coca-Cola products in their respective markets. While a number of these bottlers are privately held, there are listed bottlers that operate in distinct geographies and markets. In addition to these listed Coca-Cola bottlers, Grant Samuel has considered the trading multiples of:

- other global listed bottlers (primarily PepsiCo bottlers or bottlers that have arrangements with other leading beverage brands); and
- vertically integrated NARTD beverages businesses that produce, bottle and distribute their products as well as brand owners that outsource production and bottling to third party providers.

Grant Samuel has considered but excluded from its analysis:

- leading global NARTD beverage brands such as Danone, Unilever and Nestle which are market leaders in water, ready to drink tea and ready to drink coffee. These companies are typically much larger and diversified across products (including snacks, nutrition and other health products). In FY19, only 18% of Danone's revenue and 8% of Nestle's revenue was generated from water; and
- four of the publicly traded Coca-Cola bottlers:
  - Swire Pacific, the fifth largest Coca-Cola franchise bottler globally with operations across China, Hong Kong, Taiwan and select United States territories. Swire Pacific is a diversified conglomerate with property and aviation divisions. In 2019, beverage sales represented more than 50% of revenue but less than 10% of operating profit;
  - Lindley, the only authorised Coca-Cola distributor in Peru, which has been excluded given it is majority (99.8%) owned by AC Bebidas (which, in turn, is 80% owned by Arca Continental) and therefore has a very limited free float; and
  - Hokkaido Coca-Cola Bottling Co and Haad Thip Public Company were excluded due to their limited scale and geographic concentration.

With the exception of Britvic, National Beverage Corp. ("National Beverage") and A.G. Barr plc ("AG Barr"), each of the comparable trading companies has a 31 December year end and has adopted AASB16[92]. Grant Samuel has calculated trading multiples on a pre AASB16 basis[93]. The data presented for each company is the most recent annual historical result (the 2019 financial year) and the two year forecast (the 2022 financial year). The financial data has not been adjusted to align the year end for each company.

Grant Samuel considered 2022 financial year EBITDA and EBITA multiples given the expected impact of the COVID-19 pandemic on earnings in the 2020 and 2021 financial years. With the exception of Coca-Cola Consolidated, Inc. ("Coca-Cola Consolidated"), each of the listed Coca-Cola bottlers suffered declines in revenue of at least 9% in the first half of 2020 due to a downturn in consumer demand. COVID-19 restrictions resulted in lower consumer mobility and severely reduced operations for venues, cafes and

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92 Britvic has a 30 September year end, National Beverage has a 30 April year end and AG Barr has a 31 January year end.

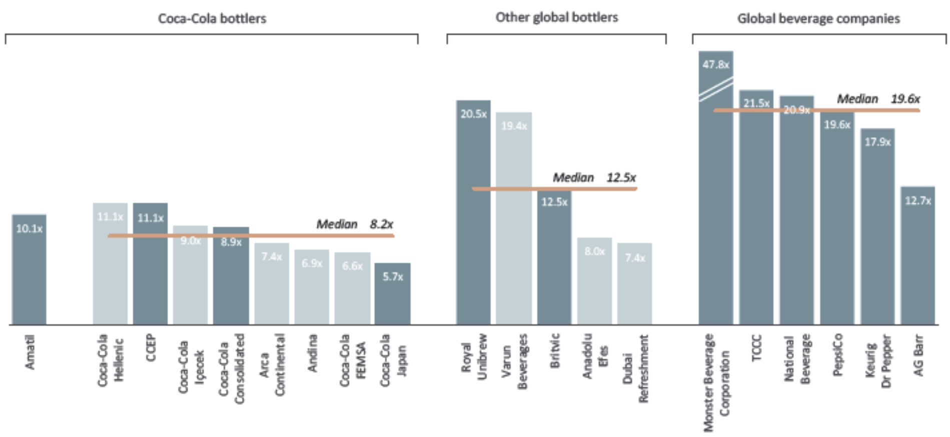
93 The impact of AASB 16 has been reversed by excluding lease liabilities from net borrowings in determining enterprise value and adjusting broker forecasts of EBITDA and EBITA (to include estimated lease payments using lease depreciation and lease interest as a proxy) to the extent that brokers appear to have adjusted forecast earnings for the impact of AASB16.

restaurants. The impact was less evident in the United States (Coca-Cola Consolidated's target market) where there were fewer restrictions than in other countries. Consumption also shifted away from higher margin on-trade channels to lower margin grocery chains and wholesalers. Most brokers appear to assume that FY22 will be the first full year of "normalised" post COVID-19 pandemic earnings as consumer demand and channel mix recover from the disruption caused by the COVID-19 pandemic. This is generally consistent across the Coca-Cola bottlers and the beverage peer group.

The following charts summarise the historical and forecast EBITDA multiples for relevant comparable listed companies based on share prices at 31 December 2020[94]. EBITDA multiples for listed companies in developed countries are shown in dark grey and EBITDA multiples for listed companies in developing markets are shown in light grey:

RELEVANT COMPARABLE LISTED COMPANIES

2019 HISTORICAL EBITDA MULTIPLES (PRE AASB16)



Source: Grant Samuel analysis[95]

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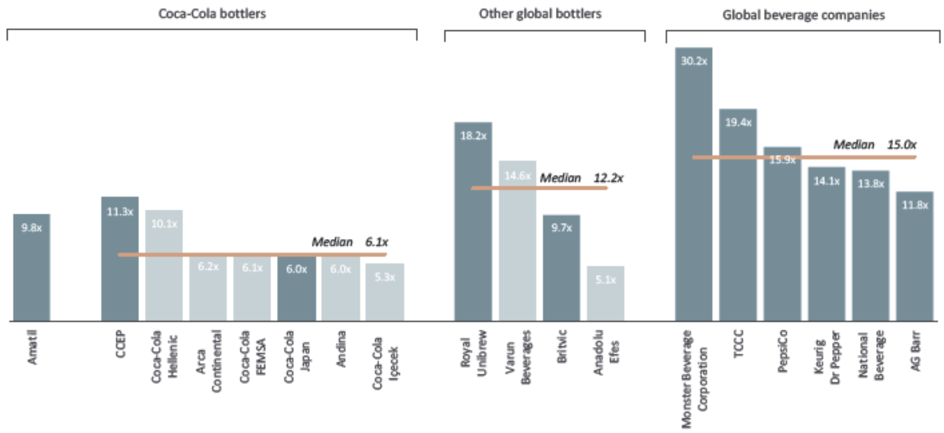
94 Amatil multiples have been calculated using the closing share price on 22 October 2020.

95 Grant Samuel analysis based on data obtained from IRESS, S&P Global Market Intelligence, company announcements and, in the absence of company published financial forecasts, broker reports. Where company financial forecasts are not available, the median of the financial forecasts prepared by a range of brokers has generally been used to derive relevant forecast value parameters. The source, date and number of broker reports utilised for each company depends on analyst coverage, availability and recent corporate activity.

RELEVANT COMPARABLE LISTED COMPANIES
2022 FORECAST EBITDA MULTIPLES (PRE AASB16)

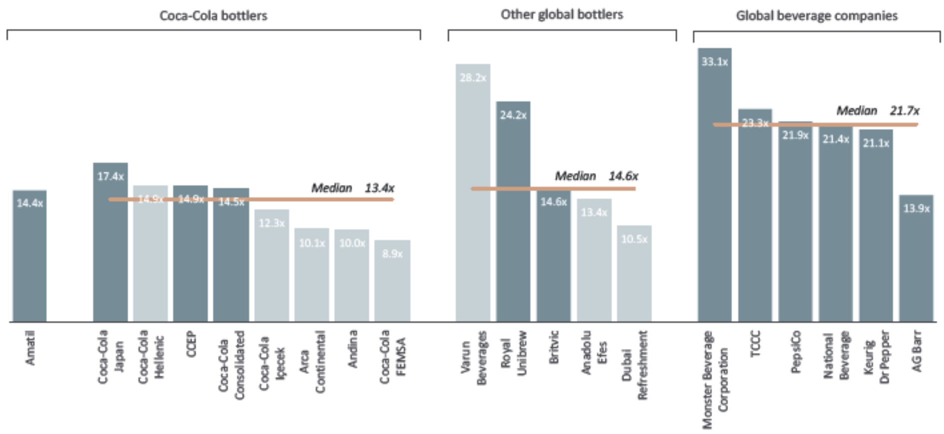


Source: Grant Samuel analysis[95]

The following charts summarise the historical and forecast EBITA multiples for relevant comparable listed companies based on share prices at 31 December 2020[94]. EBITA multiples for listed companies in developed countries are shown in dark grey and EBITA multiples for listed companies in developing markets are shown in light grey:

RELEVANT COMPARABLE LISTED COMPANIES

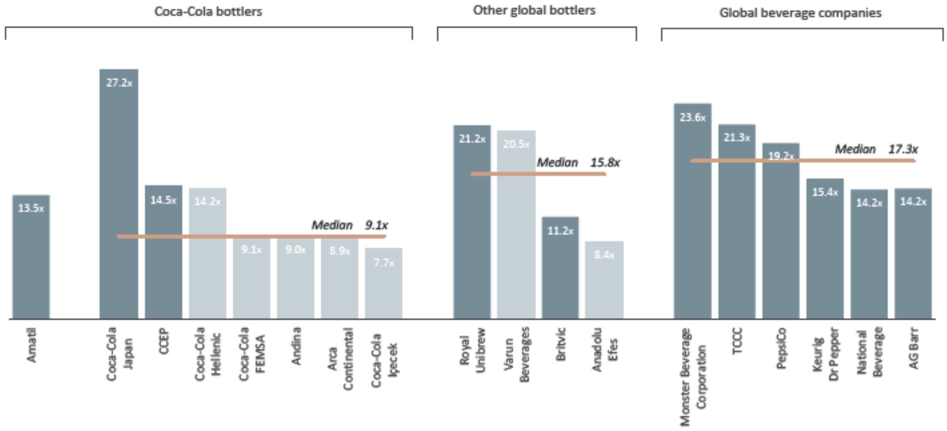
2019 HISTORICAL EBITA MULTIPLES (PRE AASB16)



Source: Grant Samuel analysis[95]

RELEVANT COMPARABLE LISTED COMPANIES

2022 FORECAST EBITA MULTIPLES (PRE AASB16)



Source: Grant Samuel analysis[95]

The following factors are relevant to consideration of the comparable trading multiples:

- the multiples for the listed entities are based on share prices and therefore do not include a premium for control;
- with the exception of Coca-Cola Içecek A.Ş. ("Coca-Cola Icecek") (which has operations in ten Eastern European countries as well as Turkey, Pakistan and Iraq), all Coca-Cola bottlers experienced share price declines in 2020. These declines range from less than 10% (e.g. Arca Continental and Coca-Cola Consolidated) to 35% (e.g. Coca-Cola Bottlers Japan Inc. ("Coca-Cola Japan")) reflecting the impact of the COVID-19 pandemic on consumption volumes and channel mix. Over the same period, Coca-Cola Icecek's share price increased by more than 40% in local currency, although much of this increase was due to inflation and its impact on exchange rates. In A$, the increase in share price was only in the mid-single digits as Coca-Cola Icecek reduced debt, announced an intention to expand into new markets and improved its 2020 performance relative to 2019 (other than in volumes), despite the impact of the COVID-19 pandemic. In addition, Coca-Cola Icecek is majority owned (50.3%) by Anadolu Efes Biracilik ve Malt San. A.S. ("Anadolu Efes") and TCCC owns a further 20.1%. As a result, it has a relatively limited free float;
- while there are only a small number of listed Coca-Cola bottlers in developed countries, those that are listed (excluding Amatil) are generally trading at 9-11 times historical 2019 EBITDA and 14.5-15 times historical 2019 EBITA. Based on the available evidence, forecast 2022 trading multiples are largely consistent with the historical 2019 multiples:
  - CCEP trades at relatively high multiples. It is one of the largest independent Coca-Cola bottlers and, since its creation in 2016, has delivered €330 million in synergies. It continues to focus on introducing new products across its NARTD beverage portfolio, including coffee (e.g. the introduction of *Costa Coffee* ready to drink within five months of its acquisition by TCCC) and energy (e.g. continued innovation to extend the high growth *Monster* portfolio).

    Prior to the announcement that it had received a non binding indicative proposal from CCEP, Amatil was trading at multiples that were consistent with, although slightly lower than, those of CCEP. While CCEP is substantially larger than Amatil (CCEP's market capitalisation is almost four times Amatil's market capitalisation), both companies generate similar EBITDA and EBITA margins;

- Coca-Cola Consolidated trades at slightly lower historical EBITDA multiples than CCEP but at similar historical EBITA multiples. While it is the largest independent bottler in the United States, 90% of the United States market is shared across ten bottlers. This high level of market fragmentation limits the ability to achieve scale advantages (supply chain, operations) and selling power (as key customers typically operate on a national basis). As a result, Coca-Cola Consolidated generates significantly lower margins than other Coca-Cola bottlers (more in line with Coca-Cola Japan, see below) and requires greater investment in assets, which acts to constrain its trading EBITDA multiples. No forecast trading multiples are able to be calculated for Coca-Cola Consolidated as it is not followed by brokers; and
- Coca-Cola Japan trades at relatively low EBITDA multiples (around 6 times historical and forecast EBITDA) but very high EBITA multiples (17.4 times historical and 27.2 times forecast EBITA) due to:
  - the mature NARTD beverages market in Japan, which has averaged growth of less than 1% per annum over the past 18 years; and
  - relatively low profitability in Coca-Cola Japan's beverage division which has operated at close to EBIT breakeven. Coca-Cola Japan introduced growth initiatives in 2019, including its first alcoholic product offering, its first wholesale price increase in almost 30 years and a transformation of its go-to-market strategy for the vending channel. These initiatives have required significant capital investment (around 9% of revenue in FY19 and year to date FY20).

  Coca-Cola Japan also has a health and skin care division which generated around 3% of revenue but around 24% of segment income in FY19;

- with the exception of Coca-Cola Icecek and Coca-Cola HBC A.G. ("Coca-Cola Hellenic"), Coca-Cola bottlers in developing markets generally trade at lower multiples than those operating in developed markets. The trading multiples are in a reasonably tight range of:
  - 6.5-7.5 times historical EBITDA and 6 times forecast EBITDA; and
  - 9-10 times historical EBITA and 9 times forecast EBITA.

  These lower multiples may be due to the weak economic outlook for Latin America (Brazil, Mexico, Chile) where these bottlers have the majority of their operations.

  Coca-Cola Icecek is trading at higher historical multiples (9.0 times EBITDA and 12.3 times EBITA) but lower forecast multiples (5.3 times EBITDA and 7.7 times EBITA) relative to other Coca-Cola bottlers in developing markets. These trading multiples are more consistent with the trading multiples of its controlling shareholder, Anadolu Efes (historical multiples of 8.0 times EBITDA and 13.4 times EBITA and forecast multiples of 5.1 times EBITDA and 8.4 times EBITA). In addition to its controlling interest in Coca-Cola Icecek, Anadolu Efes has a substantial alcoholic beverages business which generated 47% of revenue in FY19. The lower forecast multiples for both companies possibly reflects the risk of inflationary pressures and currency depreciation on future cash flows.

  Coca-Cola Hellenic trades at higher multiples of 11 times historical and 10 times forecast EBITDA and 15 times historical EBITA and 14 times forecast EBITA, reflecting its exposure across developed, developing and emerging markets, including Switzerland, Italy and Ireland (higher income demographics that generated 36% of FY19 revenue) and Russia and Nigeria (where NARTD beverage consumption rates are well below global averages). Coca-Cola Hellenic also generates a relatively larger proportion of its revenue (around 40%) from on-trade channels. In contrast, most developing market bottlers generate less than 15% of revenue from these higher margin channels.

In relation to the trading multiples of the other Coca-Cola bottlers operating in developing markets:

- Coca-Cola FEMSA and Andina both target Latin American markets and each has a significant presence in Brazil and Argentina. Coca-Cola FEMSA benefits from high NARTD beverage consumption per capita in Mexico (well above other Latin American countries). However, both bottlers face macroeconomic headwinds which have compressed margins in recent years and an uncertain outlook given the impact of the COVID-19 pandemic, particularly in Brazil. While Coca-Cola FEMSA may be expected to trade at higher multiples as it is the largest independent Coca-Cola bottler globally, the reliability of its trading multiples may be impacted by the low level of its free float. It is 47.2% owned by Fomento Económico Mexicano, S.A.B. de C.V. (“FEMSA”) and 27.8% owned by TCCC; and
- Arca Continental has a large geographic overlap with Coca-Cola FEMSA and Andina (Mexico, Argentina), but also has a presence in the United States (33% of 2019 revenue) and a diversified NARTD beverages portfolio. The company also has a food and snacks division, but the majority of revenue (95% in in 2019) is generated by beverages business;

■ other global bottlers trade in a wide range but are generally trading at higher multiples than Coca-Cola bottlers. They can be categorised as:

- globally diversified bottlers (Royal Unibrew A/S (“Royal Unibrew”) and Britvic), which distribute international and owned brands:
  - Royal Unibrew is a global multi beverage provider with operations in Europe, the Americas, the Middle East and Africa. It has a diversified product offering across NARTD beverages (51% of FY19 revenue) and alcoholic beverages (49% of FY19 revenue). Royal Unibrew produces its own brands including *Royal Beer* and *Schiøtz* and distributes several global brands including *Pepsi*, *Heineken*, *Johnny Walker* and *Captain Morgan*. Since 2018, the company has completed a number of strategic acquisitions which has contributed to revenue growth and margin improvement and is reflected it in very high trading multiples; and
  - Britvic is the authorised PepsiCo bottler in Great Britain. It signed a new exclusive 20 year agreement with PepsiCo in October 2020 including the distribution rights to PepsiCo’s recently acquired *Rockstar* energy drink, which was previously distributed by domestic competitor AG Barr. In recent years, Britvic has diversified into higher growth NARTD beverage categories such as bottled water, energy drinks and ready to drink tea, and has a 79% share of the ready to drink tea market in Great Britain as distributor of *Lipton Iced Tea*. Britvic also owns a portfolio of beverage brands in international markets (e.g. Brazil), but these represent only a small proportion of total revenue (6.3% in 2019). Britvic trades at multiples that are generally slightly below those similar Coca-Cola bottlers operating in developed markets such as CCEP reflecting its smaller scale and PepsiCo’s relative brand strength;
- targeted bottlers (Dubai Refreshment P.J.S.C. (“Dubai Refreshment”) and Varun Beverages Limited (“Varun Beverages”)), which are primarily PepsiCo affiliates that have limited geographic diversification and are more dependent on local political, economic and regulatory conditions:
  - Dubai Refreshment is the PepsiCo bottler in the United Arab Emirates. It trades at relatively low multiples of 7.4 times historical EBITDA and 10.5 times historical EBITA due to its small size and the introduction of taxes that collectively represent almost 60% of 2019 revenue and resulted in a decline in volume as the cost was passed on to consumers. While Dubai Refreshment has invested in growing its exports and diversifying its portfolio across other categories, progress has been hampered by the COVID-19 pandemic; and
  - Varun Beverages is the primary bottler for PepsiCo brands in India and Sri Lanka. It trades at relatively high multiples reflecting its stronger growth profile (in excess of 20% per annum growth in revenue over the past five years) and stable operating margins; and

- global beverage companies generally trade at a premium to bottlers due to their brand ownership and lower capital intensity. However, each company has a different vertical integration and distribution model, resulting in a wide range of trading multiples, although there is some consistency in the range 18-21.5 times historical and 14-19 times forecast EBITDA and 21-23 times historical and 14-21 times forecast EBITA:
  - TCCC's trading multiples of 21.5 times historical and 19.4 times forecast EBITDA and 23.3 times historical and 21.3 times forecast EBITA are higher than the other global beverage companies with the exception of Monster Beverage Corporation (see comments below). These higher multiples reflect TCCC's scale, brand strength and low capital intensity. TCCC is the largest non alcoholic beverage company globally, distributing its products in over 200 countries. It relies on its bottling partners to manufacture, bottle and distribute finished products in their respective markets. Approximately 55% of 2019 revenue was generated from sales of concentrate to bottling partners. Sales of concentrate typically generate higher gross profit margins than finished products, resulting in TCCC consistently generating higher EBITDA and EBITA margins than other, more integrated, global beverage companies;
  - National Beverage Corporation ("National Beverage") is a vertically integrated beverage company focused on healthy NARTD beverages such as sparkling water and juice. It is focused on the United States and Canadian markets, where demand has trended towards healthier products, and owns the *La Croix* brand, a market leader in the North American sparkling water segment. These factors have supported organic growth in revenue of around 9% per annum since 2014 (only Monster Beverage Corporation has grown at a faster pace over this period). National Beverages' high historical trading multiples (20.9 times EBITDA and 21.4 times EBITA) reflect its track record of high growth. Forecast trading multiples (at 13.8 times EBITDA and 14.2 times EBITA) are towards the lower end of the range for global beverage companies, possibly reflecting its relatively small size (market capitalisation of US$4 billion);
  - PepsiCo and Keurig Dr Pepper Inc. ("Keurig Dr Pepper") have diversified operations including non NARTD beverages such as snacks and coffee systems, limiting their comparability to a "pure" NARTD beverage business:
    - while PepsiCo is one of the largest global NARTD beverage brands, over 50% of its revenue is derived from snacks under its *Frito-Lay* and *Quaker* brands. PepsiCo has a higher level of vertical integration in its business (compared to TCCC), although it outsources production and distribution to local bottlers in select geographies. The company is also diversified across geographies, with 58% of 2019 revenue generated in the United States and a significant developing and emerging markets exposure in countries such as Mexico and Russia (29% of 2019 revenue); and
    - similarly, Keurig Dr Pepper is a market leader in the United States NARTD beverages market with a 22% share in the carbonated category. However, its significant exposure to the coffee pods and systems business (following the merger of the Dr Pepper Snapple Group and Keurig Green Mountain in 2018) exposes it to substantially different growth drivers. In 2019, sales from the coffee systems business represented around 40% of total revenue and income.

    Despite the diversified nature of these companies, their trading multiples of 18-20 times historical and 14-16 times forecast EBITDA and 21-22 times historical and 15-19 times forecast EBITA are consistent with those of other global beverage companies; and
  - Monster Beverage Corporation is trading at higher multiples and AG Barr is trading at lower multiples than other global beverage companies due to their specific characteristics:
    - Monster Beverage Corporation is a "pure" NARTD beverage brand owner. Its relatively high EBITDA and EBITA multiples reflect its low capital intensity business model and market leading position in the high growth energy drinks market, which include high income

markets such as North America where it holds a 40% market share. Revenue has grown at an average rate of 13.9% per annum since 2010 (and 11% per annum since 2014). Monster Beverage Corporation outsources all bottling and production to third parties. Over the past five years, capital expenditure has represented only 2% of revenue; and

- the AG Barr business has faced recent challenges. Revenue declined by 8.3% in FY19 and is expected to decline by a further 12-15% in FY20. In addition to the impact of the COVID-19 pandemic, AG Barr recently lost its long term *Rockstar* sale and distribution agreement (estimated to represent 8% of revenue), following PepsiCo's acquisition of the energy drink company.

6.4 Discounted Cash Flow Analysis

Introduction

The DCF analysis is based on simplified, high level financial models for each of Amatil's six business operations (Australia, New Zealand, Fiji, Paradise Beverages, Indonesia and Papua New Guinea) developed by Grant Samuel. The models use as their starting point Amatil's balance sheet at 31 December 2020 and project cash flows from 1 January 2021 to 31 December 2030.

The DCF models use the FY21 Budget as their starting point. Grant Samuel has developed a number of scenarios based on the 5 Year Corporate Plan provided by Amatil and has extended the model for a further five years based on broad assumptions in relation to volumes, pricing and contribution margin for each channel. Overhead, capital expenditure and working capital assumptions have been made for each country.

The DCF models project nominal after tax cash flows for a period of 10 years, with terminal values calculated at 31 December 2030 to represent the value of cash flows in perpetuity. The terminal values have been calculated by capitalising net after tax cash flows using perpetual growth assumptions.

These DCF models allow the key drivers of earnings and capital expenditure to be modelled and are based on a number of assumptions that Grant Samuel considers reasonable. However, the DCF models do not constitute a forecast or projection by Grant Samuel of the future performance of Amatil's business operations and no assurance or warranty is given that future performance will be consistent with the assumptions adopted in the DCF models.

Limitations

The DCF models are based on a number of assumptions and are subject to significant uncertainties and contingencies, many of which are outside the control of Amatil. Key assumptions regarding future operational performance are highly uncertain and there is scope for significant differences of opinion in relation to these assumptions. As a result of these uncertainties, there is a wide range of potential outcomes that could occur, both positive and negative (and an even greater number of possible combinations of those outcomes).

Moreover, DCF analysis is subject to significant limitations and net present value outcomes need to be treated with considerable caution. The calculated net present values are extremely sensitive to small changes in assumptions regarding revenue growth, margins and capital expenditure for many years into the future. This sensitivity to assumptions regarding future operational performance is accentuated by the fact that the terminal value (the value contributed by cash flows generated after the end of the explicit cash flow forecast period) normally contributes a high proportion of the overall value.

Scenario Analysis

Grant Samuel has considered a number of scenarios for the business operations in each country to reflect the impact on value of key assumptions relating to volume and price growth and EBITDA margins. These scenarios have been developed following discussions with Amatil's management. The assumptions underlying the various scenarios are discussed in more detail in the valuation sections for each region (Sections 6.5 to 6.7).

It should be recognised that the scenarios are highly simplified and focus on a limited number of key value drivers (post COVID-19 pandemic recovery, volume growth, pricing and EBITDA margins), rather than detailed "bottom up" parameters. Nevertheless, Grant Samuel considers that the analysis does provide some insight into value. In view of the uncertainties surrounding the future growth of Amatil's business operations (particularly in developing countries), the scenarios analysed are, to some extent, arbitrary. However, they reflect the range of judgements that potential buyers of the businesses could make. The scenarios do not, and do not purport to, represent the range of potential outcomes for Amatil's business operations. They are simply theoretical indicators of the sensitivity of the net present values derived from the DCF analysis.

The scenarios do not represent Grant Samuel's forecasts of the future financial performance of Amatil. Grant Samuel gives no undertaking and makes no warranty regarding the future financial performance of Amatil. Such future performance is subject to fundamental uncertainty. Rather, the scenarios have been developed purely to allow Grant Samuel to assess the impact on calculated net present values of alternative assumptions regarding the future growth and financial performance of Amatil's business operations.

Discount Rates

For the purposes of the analysis, Grant Samuel has utilised the following nominal discount rates (weighted average costs of capital) ("WACC"):

AMATIL - DISCOUNT RATES

BUSINESS OPERATION	DISCOUNT RATE
Developed markets	
Australia and New Zealand	7.5-8.5%
Developing markets	
Indonesia	11.0-12.0%
Fiji (including Paradise Beverages)	10.0-11.0%
Papua New Guinea	14.0-15.0%

The determination of appropriate discount rates for Amatil's business operations is problematic. The conventional approach is to start with a well understood and widely used model such as the Capital Asset Pricing Model ("CAPM").

Use of the CAPM based on current parameters would result in a cost of equity of 6.6-7.2% and a WACC of 5.7-6.7% for Amatil's business operations in developed markets (i.e. Australia and New Zealand). The CAPM cost of equity has been calculated assuming:

- a risk free rate of 1.2% based on the current 10 year bond rates in Australia and New Zealand;
- a market risk premium of 6% (a standard rate adopted by Grant Samuel), which is similar to that used by a wide variety of analysts and practitioners (typically in the range 5-7%); and
- a beta factor of 0.9-1.0. It is difficult to determine a reliable beta for Amatil:
  - Amatil has a beta of 0.61 using four years of data (as reported by RoZetta Technology Pty Limited ("RoZetta") at September 2020) but even at a 68% confidence interval is in the range 0.33-0.88;
  - the betas of comparable NARTD beverage bottlers fall in a very wide range. For example, Bloomberg betas measured monthly over the last four years against the local market index (consistent with the calculation of RoZetta betas) are in the range 0.31-1.23, with a median of

0.86. The same betas measured weekly over two years range from 0.21 to 1.14, with a median of 0.91;

- betas for global beverage companies measured weekly over the last two years are all generally lower than the betas monthly over four years, whereas the betas for Coca-Cola bottlers are largely consistent (generally in the range 0.8-1.1) regardless of the timeframe over which they are measured;
- gearing levels vary significantly but are not always consistent with the beta factors; and
- intuitively, it would be expected that a company such as Amatil would have a beta of around 1.0 as consumption of NARTD beverages is driven by overall economic activity and improving standards of living (i.e. increasing levels of disposable income). A beta of slightly less than 1.0 can be justified based on the market evidence above as well as the generally consistency in consumption patterns through economic cycles (and despite the impact of the COVID-19 pandemic).

Taking these factors into account, Grant Samuel believes that a beta of 0.9-1.0 is a reasonable estimate of the appropriate beta for Amatil's business operations in Australia and New Zealand.

The resultant CAPM WACC calculation assumes a cost of debt of 3%, reflecting a 2% margin over the risk free rate, and a debt/equity mix of 10-20% debt and 80-90% equity, based on gearing for international Coca-Cola bottlers.

However, Grant Samuel considers a discount rate above the calculated WACC to be a more appropriate measure of the cost of capital:

- the cost of equity capital is not a precise or provable number nor can it be estimated with any degree of reliability. The cost of equity capital is not directly observable and models such as the CAPM do no more than infer it from other data using one particular theory about the way in which security prices behave. The usefulness of any estimate therefore depends on the efficacy of the theory and the robustness of the data but the available tools such as CAPM involve models that have questionable empirical validity (and competing formulations), simplifying assumptions, the use of historical data as proxy for estimates of forward looking parameters, data of dubious statistical reliability and unresolved issues (such as the impact of dividend imputation).

  It is easy to over-engineer the process and to credit the output of models with a precision it does not warrant. Indeed, in one regulatory submission, the detailed statistical analysis for one element was described as the *"worthless pursuit of spurious precision"*. The reality is that any cost of capital estimate or model output should be treated as a broad guide rather than an absolute truth. The cost of capital is fundamentally a matter of judgement, not merely a calculation;
- measurement of the risk premium is open to debate, even at the best of times. Most practitioners opt for using a "stable" risk premium and around 6% is a relatively common benchmark. However, equity markets are inherently volatile, and the "true" risk premium rises and falls. There was considerable press and other comment that the risk premium went up at the height of the COVID-19 pandemic in March 2020 but the subsequent recovery on global equity markets and relative stability in recent months suggest much of this additional risk may have dissipated (although volatility is still elevated);
- strict application of the CAPM at the present time (using current parameters) gives results that are arguably unrealistically low and understate the true cost of capital (primarily because of extremely low government bond rates). While government bond rates across the globe have fallen even further in the last few months and the broad expectation is that they will remain extremely low for several years as the world economy seeks to recover from the impacts of the COVID-19 pandemic, the discount rates produced by CAPM do not seem to accord with how investors set their expected returns and are often inconsistent with other measures such as the Gordon Growth Model (which is

based on observable dividend yield plus a long term growth rate). Some academics and valuation practitioners consider it to be inappropriate to add a "normal" market risk premium (e.g. 6%) to a temporarily depressed bond yield and therefore advocate that a "normalised" risk free rate should be used. This practice has become increasingly common among broker analysts with an assumed risk free rate of around 3% not uncommon. Assuming a risk free rate of 3% would result in a CAPM WACC of 7.4-8.5%. Alternatively, there is some evidence that risk premiums are higher when risk free rates are lower (i.e. implying a more stable overall cost of equity); and

- brokers (that do publish their estimates) are currently adopting a WACC for Amatil in the range 8.2-9.0% with a median of 8.4%.

Having regard to these matters, Grant Samuel has adopted a discount rate in the range 7.5-8.5% for Amatil's business operations in developed markets (i.e. Australia and New Zealand).

The assessment of appropriate discount rates for Amatil's business operations in developing markets is even more problematic. The CAPM is designed to estimate the cost of equity capital in developed markets. The first issue is currency. For a DCF analysis in local currency, the starting point is a risk free rate in that currency. Government bonds in these markets are not necessarily risk free so the alternative is to adjust mature market bond rates for inflation differentials (assuming the Fisher effect). It is then necessary to also consider the extent of any "country risk" premium. While it is generally acknowledged that there is additional uncertainty associated with investment in developing markets (such as political instability, economic risks (e.g. higher inflation), level of sovereign debt and probability of default, currency fluctuations and government regulation (e.g. expropriation or currency controls):

- the CAPM does not explicitly allow for this additional risk. It is not simply a case of changing the inputs to reflect risk free rates and market risk premiums in the relevant developing market, not least because of their questionable reliability; and
- there is no consensus among academics or practitioners as to the best approach to estimating the equity cost of capital for companies operating in developing countries. There are several approaches (e.g. government bond spreads, credit default swap spreads, country credit ratings, relative volatility of equity market returns) but there are limitations with each approach. Widely referenced calculations such as those by Aswath Damodaran[96] have been subject to strident criticism (although it is one of the few easily accessible databases). In fact, there are arguments that no adjustment is necessary as these risks can be eliminated through diversification; and
- the effective exposure to country risk varies from company to company. Amatil's business is entirely exposed to the domestic economy (and to currency risks for key inputs). This exposure is entirely different to that of, for example, a mining company producing commodities for export.

Country risk can also change quickly as economic and market conditions change.

The Grant Samuel has selected a discount rate for Amatil's business operations in developing markets by benchmarking them against its assessed discount rate for developed markets 7.5-8.5%. In addition, the discount rates for business operations in Fiji and Papua New Guinea have been benchmarked against the assessed discount rate for Amatil's business operations in Indonesia (as the largest economy in South East Asia, and where the majority of Amatil's developing markets revenue and earnings is generated).

In forming its views, Grant Samuel has had regard to the differentials in inflation and bond rates (where available, albeit bond rates in developing countries are not necessarily a good proxy for the risk free rate) and country risk premiums estimated by third parties.

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[96] Damodaran, Aswath, Country Risk: Determinants, Measures and Implications – The 2020 Edition (July 14, 2020). NYU Stern School of Business and update dated 8 January 2021. The country risk premium is in addition to the equity market risk premium.

The table below sets out some selected data that was considered to help put the adjustments in context, including the Aswath Damodaran estimates. While these are a starting point, Grant Samuel does not believe they are "correct" or that they should be regarded as the definitive source of country risk premium:

DEVELOPED AND DEVELOPING COUNTRY INFLATION RATES, BOND RATES AND COUNTRY RISK PREMIUMS

	GENERAL INFLATION OUTLOOK	10 YEAR BOND RATE	COUNTRY RISK PREMIUM[96]
Developed markets			
Australia	1-2%	1.0%	-
New Zealand	1-2%	1.0%	-
Developing markets			
Indonesia	~3%[97]	5.9%	1.84%
Fiji (including Paradise Beverages)	~2%[97]	4.5%	3.49%
Papua New Guinea	~3-4.5%[97]	10.4%[98]	5.33%

However, given the debate and uncertainty about how to adjust for country risk and the imprecision of any data point, selection of the appropriate discount rate is fundamentally a judgement rather than a mechanical application of a methodology

In Grant Samuel's opinion, the differentials set out below appropriately reflect the interest rate differential and the additional systematic risks associated with the cash flows from business operations in Indonesia, Fiji, and Papua New Guinea relative to the cash flows from business operations in Australia and New Zealand:

AMATIL – DEVELOPING COUNTRY DISCOUNT RATES

	DIFFERENTIAL		DISCOUNT RATE
	FROM DEVELOPED MARKETS	FROM INDONESIA	
Developed markets			
Australia and New Zealand			7.5-8.5%
Developing markets			
Indonesia	+350 basis points		11.0-12.0%
Fiji (including Paradise Beverages)	+250 basis points	-100 basis points	10.0-11.0%
Papua New Guinea	+650 basis points	+300 basis points	14.0-15.0%

97 Source: theglobaleconomy com (based on International Monetary Fund forecasts).

98 10 year treasury bond rate in December 2019. There have been no subsequent issues of 10 your bonds in Papua New Guinea, although 364 day treasury bills were issued in September 2020 at a weighted average rate of 7 2%.

6.5 Australia

Summary

Grant Samuel has valued Amatil's Australian business in the range $7.0-7.6 billion.

Implied Multiples for Australia

Based on the adjusted earnings set out in Section 6.2.2, the value range represents the following multiples:

AUSTRALIA – IMPLIED VALUATION PARAMETERS

	VARIABLE ($ MILLIONS)	RANGE OF PARAMETERS	
		LOW	HIGH
Value range ($ millions)		**7,000.0**	**7,600.0**
Multiple of EBITDA			
FY19 (adjusted actual)	599 8	11.6x	12.6x
FY20 (adjusted actual)	529.4	13.2x	14.4x
FY21 (adjusted median broker forecast)	598.7	11.7x	12.7x
FY22 (adjusted median broker forecast)	643 5	10.9x	11.8x
Multiple of EBIT			
FY19 (adjusted actual)	454 0	15.4x	16.7x
FY20 (adjusted actual)	389 3	18.0x	19.5x
FY21 (adjusted median broker forecast)	454 0	15.4x	16.7x
FY22 (adjusted median broker forecast)	499 5	14.0x	15.2x

Grant Samuel considers these multiples to be reasonable in the context of valuation on a control basis having regard to the available market evidence (noting that greater emphasis has been placed on historical FY19 and forecast FY22 multiples given the impact of COVID-19 on Australia's FY20 and FY21 earnings) and the attributes of Amatil's business operations in Australia. In this regard, the implied multiples are:

- above the post synergies multiples implied by Lion Nathan's 2008 non binding proposal for Amatil (at 9.9 times historical EBITDA, 9.5 times forecast EBITDA and 12.1 times historical EBITA), which Amatil did not believe represented fair value for Amatil shares and which did not have the support of TCCC;
- not inconsistent with the multiples implied by the acquisitions of other participants in Australia's bottling industry (i.e. Frucor at 13.3 times historical EBITDA and Schweppes Australia at 15.2 times historical EBITDA pre synergies) after taking into account brand ownership and other factors. Frucor owned its brands and was focused on, and enjoyed leadership in, the high growth energy drinks category. It offered international growth opportunities. Schweppes Australia also had a substantial owned brand portfolio;
- above the multiples implied by recent acquisitions of Coca-Cola bottlers operating in developed markets, even on a pre synergies basis. There has been some market commentary that, historically, control transactions for Coca-Cola bottlers occurred at roughly 10-12 times EBITDA, with those focused on developing markets at the upper end and those focused on developed markets towards the lower end. However, these are "headline" numbers and close analysis of transactions over the past decade demonstrates that most developed markets transactions have actually taken place below 10 times historical EBITDA, largely in the range 8-9 times on a post synergies basis (which is the appropriate basis as any synergies in Amatil's case have been separately recognised). Transactions involving other (non Coca-Cola) bottlers have taken place at even lower multiples. The only transaction above 10 times historical EBITDA was the Coca-Cola Enterprises merger to create CCEP at 11.8 times. While this was a merger (therefore arguably not including a control premium), the higher multiple may reflect the strategic importance of creating largest independent Coca-Cola bottler globally with a geographic footprint across Western Europe as well as the need to get public company

shareholders to agree to the merger (the other merger parties were a TCCC owned bottler and a family owned bottler, and both were smaller than Coca-Cola Enterprises). In this regard it should be noted that the implied historical post synergies EBITA multiple (at 14.5 times) is not inconsistent with the implied EBITA multiples for control transactions involving other Coca-Cola bottlers and is below that applying to Amatil's business operations in Australia (15.4-16.7 times); and

- generally above the trading multiples for Coca-Cola bottlers in developed markets (albeit the evidence is limited to CCEP and Coca-Cola Consolidated) which are trading at historical (FY19) and forecast (FY22) multiples of 9-11 times EBITDA and 14.5-15 times EBITA. These multiples do not incorporate a premium for control.

In Grant Samuel's view, the relatively high implied multiples are justified. Australia has been one of the best performing economies globally in terms of its response to the COVID-19 pandemic and its economic outlook is relatively positive (in terms of GDP growth, unemployment and consumer sentiment), certainly compared to most of the developed world. Amatil's business operations in Australia have a number of attributes that would justify higher multiples:

- its scale as the largest bottler and distributor of NARTD beverages in Australia with an estimated market share in excess of 30%. Amatil's Australian business is the market leader the key sparking and bottled water categories. It is significantly larger than Asahi Lifestyle Beverages (formerly Schweppes Australia);
- the diversification of its product portfolio across:
  - TCCC branded products. *Coca-Cola* is the leading sparkling beverage brand globally and in Australia;
  - adjacent brands in high growth beverage categories such as energy, where Amatil's Australian business is the exclusive distributor of the *Monster* brand in Australia;
  - own branded products, including *Kirks* (sparkling beverages) and category leading brands such as *Mount Franklin* (bottled water, including sparkling water and flavoured water); and
  - non NARTD beverages including alcoholic beverages and coffee, which represent around 15% of the total revenue generated in Australia but with considerable upside potential. Revenue from alcoholic beverages is underpinned by long term distribution agreements with leading spirits and beer brands, including Beam Suntory and Molson Coors. Consumption trends in these categories have been stronger than sparkling beverages in recent years; and
- upside potential in the short to medium term from:
  - further progress in the turnaround (that commenced in FY19) of the sparkling beverages business from more effective distribution practices and expanding on the success of *Coca-Cola No Sugar* (and other low/no sugar products);
  - continued growth in products such as energy drinks, alcoholic beverages and coffee and opportunities such as flavoured mineral water;
  - realisation of the full benefits from the Australian Accelerated Growth Plan (which was halted by the COVID-19 pandemic);
  - leveraging growth in the important grocery retail channel through taking advantage of grocery retailers segmenting their customer base, layout and product availability, which can have a dramatic impact on sales; and
  - recovery of its on-the-go channel, which suffered (in terms of volumes, revenue and margins) in FY20 as consumers shifted to at-home consumption and lower-margin quick service restaurants represented a larger share of volume. The on-the-go channel is expected to recover although this may take some time (possibly post FY22).

However, these attributes are offset, to some extent by the patchy track record of performance (FY19 was the first time in seven years that Amatil's Australian business achieved revenue growth) and its medium to long term prospects are for modest levels of sustainable growth. Management is targeting mid single digits (i.e. 5%) EBIT growth and that is in an environment where:

- competition is intense and gains will be "hard won";
- the critical grocery channel faces constant price pressures and represents a greater proportion of volumes post the COVID-19 pandemic. It is unclear whether the change in consumer behaviour will be temporary (and consumers eventually revert to their pre-COVID-19 pandemic behaviour) or if there will be a permanent change in consumer behaviour;
- the core sparkling soft drink products category has until very recently, been in long term structural decline and there are significant challenges in achieving consistent volume growth going forward; and
- history indicates that it is difficult to retain (for shareholders) the benefits of cost savings. There is inevitably pressure to reinvest at least a proportion of any cost savings in pricing or other initiatives.

DCF Analysis

DCF ASSUMPTIONS

For Scenario A, the DCF model assumes the following:

- total revenue grows at an average rate of 3.5% per annum over the projection period, with higher growth in the initial years, tapering down to inflationary growth by the end of the projection period, reflecting:
    - recovery in on-the-go volumes to pre-COVID levels (around 40% of total NARTD beverages volume) in FY21 as mobility restrictions ease and consumer confidence recovers. However, channel mix in on-the-go volume is assumed to be weighted to quick-service restaurants until FY22. These channels generally command lower margins than other on-the-go channels;
    - overall volume growth above expected industry growth as Amatil's Australian business gains market share across its core product categories through continued product innovation (e.g. low-to-no sugar alternatives) and a focus on high growth categories (sports and energy);
    - overall average price per unit increases of around 1% per annum largely attributable to continued development of affordable package sizes; and
    - alcohol and coffee revenue continue to grow at an average rate of 4% per annum, albeit off a lower base in FY20;
- the overall gross margin increases from 30% in FY21 to 34% by FY30 as volumes recover, particularly in higher margin channels. Overhead expenses of 15% of revenue over the projection period are consistent with the historical trend;
- these assumptions result in a gradual increase in the EBITDA margin (pre AASB16) from 15% in FY20 to 19% by FY30. Growth in EBIT is generally consistent with Amatil's shareholder value proposition of mid-single digit annual growth;
- other EBITDA of around $100 million increases at inflation of 2.0% per annum over the projection period. Other EBITDA represents those elements of Amatil's Corporate and Services EBITDA that are better included as part of Amatil's Australian business (see Section 4.4);
- recurring capital expenditure calculated as 4% of total revenue. The projections allow for additional capital expenditure associated with the Fighting Fit program in FY21. Depreciation is assumed to equal capital expenditure by the end of the projection period;
- working capital calculated as 8% of total revenue, consistent with the historical trend;

- a corporate tax rate of 30% (the Australian corporate tax rate); and
- a terminal growth rate of 2.0% reflecting the per capita consumption growth expectations for the Australian NARTD beverages market, population growth and below-inflationary pricing increases consistent with expected trends for sparkling beverages (implying an EBITDA exit multiple of 9-10 times).

DCF SCENARIOS

The key assumptions underlying each of the scenarios considered are outlined below:

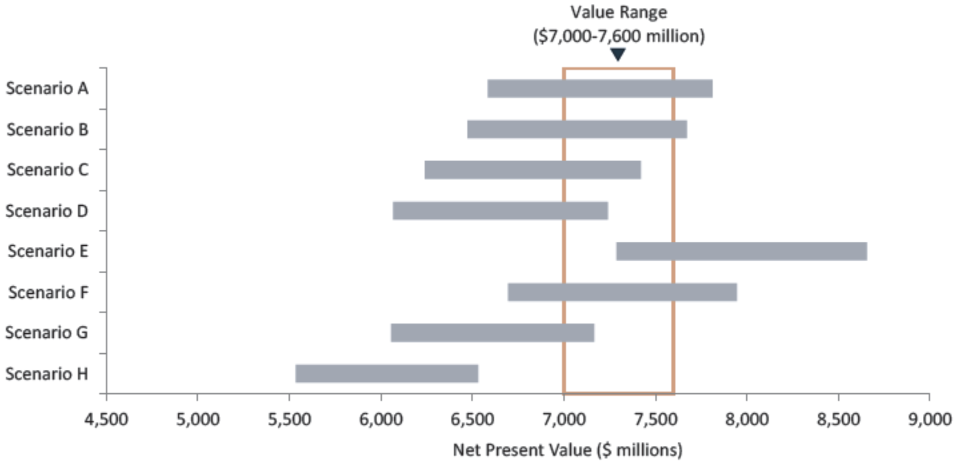
AUSTRALIA – DCF SCENARIOS

SCENARIO	DESCRIPTION
Scenario A	As above
Scenario B	Scenario A except average annual volume growth of 1.7%. Volume growth to FY25 is consistent with Scenario A, but declines to 0.5% per annum from FY25, in line with industry projections. As a result, average revenue growth is 3.3% per annum over the projection period. The EBITDA margin still increases to 19% by FY30
Scenario C	Scenario B, except volume and channel mix recovery is delayed by one year. Volume and revenue eventually recover in the long term, with average growth in volume of 1.7% per annum and average growth in revenue of 3.2% per annum. The EBITDA margin takes longer to recover, reaching 19% by FY30
Scenario D	Scenario B, except volume and channel mix recovery is delayed by two years. Volume and revenue eventually recover in the long term, with average growth in volume of 1.7% per annum and average growth in revenue of 3.2% per annum. The EBITDA margin takes longer to recover, reaching 19% by FY30
Scenario E	Upside scenario reflecting higher growth rates and margins for the grocery retail channel. Volume and channel mix recover in FY21. Grocery revenue grows by 5% per annum to FY25 before declining to 1.5% per annum for the remainder of the projection period, resulting in average growth in total revenue of 3.5% per annum. Successful execution of segmentation strategy results in improved targeted offering and margins in the grocery segment, with the EBITDA margin increasing to 21% by FY30
Scenario F	Scenario B, except alcohol revenues grow by 5% per annum, reflecting continued strength in the spirits product range. Distribution agreements are renewed on improved terms. Due to relatively smaller size of the alcohol business, the EBITDA margin still increases to 19% by FY30
Scenario G	Scenario A, except on-the-go channel mix and margins do not recover to pre-COVID levels. The EBITDA margin remains in the range 16-17.5% over the projection period as lower margin on-the-go outlets retain a larger share of volume
Scenario H	Downside scenario. Volume growth in line with industry growth after a post-COVID recovery in FY21 (average growth of 1% per annum over the projection period). The EBITDA margin increases to around 18% by FY30

NPV OUTCOMES

Grant Samuel's selected value range of $7.0-7.6 billion for Amatil's Australian business reflects a subjective balancing of the scenarios and a view that the appropriate discount rate to apply is 7.5-8.5%. This is depicted diagrammatically below:

AUSTRALIA – NPV OUTCOMES



Grant Samuel's value range incorporates the upper half of Scenarios A, B and F, the upper end of Scenarios C and D and the lower end of Scenario E. The NPV outcomes of Scenarios G and H are outside the value range. Grant Samuel has considered the NPV outcomes for all the scenarios in determining its value range for Amatil's Australian business operations. In this regard:

- Scenarios A, B and F are considered the most credible scenarios for Amatil's Australian business operations:
  - Scenarios A and B assume that volumes recover to pre COVID-19 pandemic levels in FY21, but on-the-go channel mix takes another year to recover. Australia's response to the COVID-19 pandemic has been exemplary by global standards and consumption has improved in Australian states as COVID-19 restrictions have eased. However, the trajectory of the recovery remains uncertain as the situation can change quickly. In particular, higher margin on-the-go channels are likely to remain subdued until mobility and travel restrictions are fully relaxed. These two scenarios reflect a delayed recovery in the on-the-go channel mix, with EBITDA returning to FY19 levels by FY22. The lower long term volume growth in Scenario B is consistent with industry projections; and
  - Scenario F represents an upside scenario for alcohol sales and is regarded as a likely outcome as Amatil leverages its long term relationships with alcohol brands and capitalises on the growing market for spirits in Australia. The impact on the NPV is negligible given alcohol represents a relatively small portion of the Australian business;
- Scenarios C and D show the impact of a delayed recovery (in volumes, margins and channel mix) to pre COVID-19 pandemic levels on the NPV. While such a delay is not completely unrealistic, Amatil's Australian volumes declined by only 4.2% in FY20, and increased by 0.4% in the fourth quarter (over the prior corresponding period), supporting the view that an extended delay in recovery is less likely. On this basis, it is appropriate that only the upper end of the NPV outcomes for Scenarios C and D are within the value range;
- Scenario E reflects an upside case for Amatil's Australian business from successful execution of its grocery strategy and pack price architecture, leveraging Amatil's investment in data analytics, the recent in-sourcing of its store merchandising function and continued focus on product quadrant analysis to identify underdeveloped product gaps in the market, including in larger pack varieties. However, this strategy carries a level of risk in terms of the response from both competitors and customers (i.e. Woolworths and Coles). This risk is not explicitly allowed for in the NPV, but has been

allowed for though the value range only incorporating the lower end of the NPV outcomes from this scenario;

- Scenarios G and H are downside scenarios:
  - Scenario G assumes that channel mix does not recover to pre-COVID pandemic levels and that the lower margin grocery channel continues to represent a larger proportion of volume and revenue. This assumption impacts on-the-go channel mix and contribution margins as lower margin on-the-go channels such as quick service restaurants continue to represent a larger proportion of volume and revenue. While on-the-go volumes improved in the third and fourth quarters of FY20, they remain well below prior year levels and it is currently unclear whether there will be permanent structural changes in consumer behaviour that impact how beverages are consumed; and
  - Scenario H assumes that volumes recover by FY21, but Amatil's Australian business is unable to execute its Accelerated Australia growth plans or sufficiently innovate its product portfolio. As a result, volume growth is limited to overall industry growth for the entire projection period and there is compression of the EBITDA margin from inflationary cost pressures. This scenario is considered to be an unlikely outcome. Amatil's Australian business has consistently been the market leader over recent years. Prior to the COVID-19 pandemic, Amatil's targeted growth strategy in Australia delivered the business's first year of revenue growth in over seven years in FY19, despite a declining market for Amatil's core NARTD beverage categories in Australia.

  In any event, even if these scenarios did eventuate, they do not take into account any mitigating actions that management may implement to react to changes to the markets in which Amatil operates in Australia. Consequently, in Grant Samuel's view, it is appropriate that these scenarios are outside the value range for Amatil's Australian business operations.

Taking these factors into account, Grant Samuel believes that the NPV outcomes produced by the DCF analysis support a value range for Amatil's Australian business operations of $7.0-7.6 billion.

6.6 Pacific

Summary

Grant Samuel has valued Amatil's businesses in the Pacific region (on a 100% basis) in the range NZ$2.4-2.6 billion which equates to $2.2-2.4 billion at an exchange rate of NZ$1 = A$0.93:

PACIFIC – VALUE SUMMARY

	VALUE RANGE	
	LOW	HIGH
Value of Pacific business operations (100%) (NZ$ millions)[99]	2,364.7	2,619.8
Exchange range (NZ$ to A$)	0.93	0.93
Value of Pacific business operations (100%) ($ millions)	**2,199.2**	**2,436.4**
Less: non controlling interest[100]	(17.3)	(20.6)
Value of Pacific business operations (Amatil interest) ($ millions)	**2,181.9**	**2,415.8**

99 Amatil's Fijian and Paradise Beverages businesses have been valued in Fijian dollars. The values of Amatil's Fijian and Paradise Beverages businesses have been converted to New Zealand dollars at an exchange rate of F$1 = NZ$0.69.

100 The non controlling interest represents a 10.4% interest in Paradise Beverages. No specific allowance has been made for the non controlling interest in Samoa Breweries as it is immaterial in the context of the overall valuation of Amatil.

Implied Multiples for Pacific

Based on the adjusted earnings set out in Section 6.2.2, the value range represents the following multiples:

PACIFIC – IMPLIED VALUATION PARAMETERS

	VARIABLE ($ MILLION)	RANGE OF PARAMETERS	
		LOW	HIGH
Value range (100%) ($ millions)		**2,199.2**	**2,436.4**
Multiple of EBITDA			
FY19 (adjusted actual)	175.6	12.5x	13.9x
FY20 (adjusted actual)	173.6	12.7x	14.0x
FY21 (adjusted median broker forecast)	185 5	11.9x	13.1x
FY22 (adjusted median broker forecast)	202.6	10.9x	12.0x
Multiple of EBIT			
FY19 (adjusted actual)	136 9	16.1x	17.8x
FY20 (adjusted actual)	135 2	16.3x	18.0x
FY21 (adjusted median broker forecast)	144 0	15.3x	16.9x
FY22 (adjusted median broker forecast)	151 0	14.6x	16.1x

The multiples implied by Grant Samuel's valuation of Amatil's Pacific region are broadly consistent with, but slightly higher than, the multiples for Amatil's Australian business. There are reasons for this differential:

- New Zealand, which represents around 85% of the Pacific region's EBIT, is a mature, developed economy very similar to Australia;
- Amatil's New Zealand business has been the "star" performer not only within the Amatil business but across the entire Coca-Cola system. It has been recognised as one of the best bottlers in the world by TCCC in 2019 and has been the only bottler to be a finalist in the global Coca-Cola system's Candler Cup (a prestigious award honouring executional excellence across the Coca-Cola global system) for two consecutive years. Over the past decade, it has consistently delivered EBIT growth of greater than 5% per annum and even managed to grow EBIT in FY20 through the height of the COVID-19 pandemic. It has a higher share than Australia in both sparkling beverages and the overall NARTD beverage market. The management team is held in high regard;
- New Zealand management expects to be able to continue to achieve at least 5% EBIT growth over the medium to longer term;
- while the competitive environment in New Zealand is intense, it is arguably slightly more benign than Australia. The business's highly developed distribution network (feet-on-the-street) provides both a robust defence against competition and a platform to exploit growth opportunities;
- there are no significant threats on the horizon. Management of Amatil's New Zealand business does not expect that a container deposit scheme in New Zealand will have a material adverse impact; and
- the Fijian and Samoan businesses offer strong growth opportunities albeit largely through increased penetration and cost savings rather than dynamic economic performance and population growth (less than 1% in recent years).

On the other hand:

- the New Zealand business can be considered as running close to optimally. In contrast, Amatil's Australian business has suffered from weaker performance in recent years. While the turnaround is well underway, the scope for improvement is greater in Australia; and
- the Fijian and Samoan businesses have been badly affected by the effects of the COVID-19 pandemic on tourism and the path to recovery is unclear and potentially extended. These two markets carry

inherently higher risks and vulnerabilities (e.g. tourism dependence, exposure to adverse weather events).

Grant Samuel believes that the slight premium over the multiples for Amatil's Australian business represent a fair balancing of these factors.

Other considerations include the following:

- while the global benchmarks are the relevant peer group, it is appropriate to consider the multiples against the one other significant NARTD beverages transaction in the New Zealand market, Suntory's 2009 acquisition of Frucor. While the historical multiple of 13.3 times EBITDA is higher:
  - the transaction took place 11 years ago in a very different economic and market environment; and
  - Frucor owned its primary brand, *V*, an energy drink that offered international distribution opportunities; and
- the trading multiples for Paradise Beverages. Although Amatil owns an 89.6% interest in Paradise Beverages, it is publicly listed on Fiji's South Pacific Stock Exchange. While the shares are thinly traded, the current share price is F$20.95, and the one year and two year VWAPs are F$21.05 and F$19.37. These share prices imply historical (FY19) multiples of 8.9-9.7 times EBITDA and 17.2-18.7 times EBITA. The multiples implied by the value attributed to Paradise Beverages are higher than its trading multiples to allow for a premium for control.

DCF Analysis

DCF ASSUMPTIONS

For Scenario A, the DCF model assumes the following:

- total revenue grows at an average rate of 4% per annum over the projection period, with higher growth in the initial years, tapering down to inflationary growth by the end of the projection period. This higher rate of growth relative to Amatil's Australian business is driven by higher growth in the Fiji and Paradise Beverages businesses and continued strong execution by the New Zealand business of its channel differentiation strategy:
  - volumes increase across all of Amatil's businesses in the Pacific region in FY21, with overall volumes growing by around 5% over FY20 levels to reach similar volumes to FY19. While Amatil reported increased volumes across all channels in New Zealand in the fourth quarter of FY20, full year on-the-go channel volumes do not recover to pre-COVID-19 pandemic levels until FY22;
  - overall volume growth in New Zealand is above expected industry growth due to successful expansion of the retailer network and category growth; and
  - volumes in Paradise Beverages and Fiji NARTD beverages remain below FY19 levels until FY22 and FY23 respectively, due to their reliance on tourism and continued restrictions on international travel in FY21 and FY22;
- the overall gross margin increases steadily to 36% by FY30 reflecting the impact of strategic initiatives in New Zealand. Operating expenses remain at 12% of revenue over the projection period;
- these assumptions result in an increase in the EBITDA margin (pre AASB16) to 24% by FY30 and growth in EBIT of around 6.5% per annum to FY30. The EBITDA margins in Fiji NARTD beverages and Paradise Beverages improve as the businesses realise cost savings through integration of the two businesses. Amatil's New Zealand business achieved EBIT growth of 5% per annum over the projection period. Fiji NARTD beverages and Paradise Beverages achieve EBIT growth of more than 10% per annum over the projection period, consistent with Amatil's shareholder value proposition for developing markets;

- other EBITDA of around $7 million increases at inflation (of 2.0% per annum) over the projection period. Other EBITDA represents those elements of Amatil's Corporate and Services EBITDA that are better included as part of Amatil's business operations in the Pacific region (see Section 4.4);
- capital expenditure is higher in FY21 and FY22 as deferred investments, including a new can line in New Zealand and several Fiji warehouse and logistics investments are completed. The can line and recent investment in a new sports drink production facility are sufficient to support New Zealand's long term growth requirements. On completion of these growth investments, capital expenditure declines to 4% of total revenue;
- working capital is calculated as 8% of total revenue, consistent with the historical trend; and
- corporate tax rates of 28% for New Zealand, 20% for Fiji NARTD beverages and 10% for Paradise Beverages; and
- a terminal growth rate of 2% for New Zealand and 3% for Fiji NARTD beverages and Paradise Beverages. The lower terminal growth rate adopted for Fiji NARTD beverages and Paradise Beverages relative to Indonesia (see Section 6.7), reflects the lower inflation and interest rate outlook in Fiji. The implied overall EBITDA exit multiple for Amatil's Pacific region is 9-11 times.

DCF SCENARIOS

The key assumptions underlying each of the scenarios considered are outlined below:

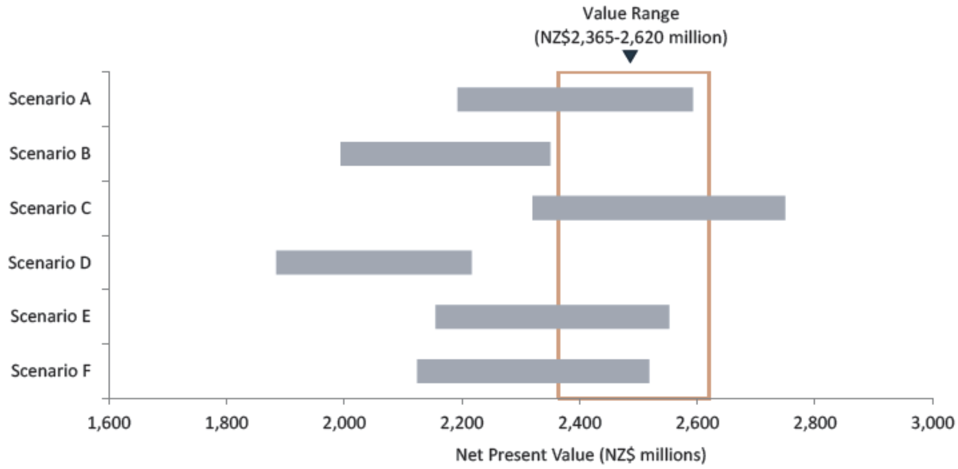
PACIFIC – DCF SCENARIOS

SCENARIO	DESCRIPTION
Scenario A	As above
Scenario B	Scenario A, except New Zealand EBIT grows by 3% per annum to FY30
Scenario C	Scenario A, except New Zealand EBIT grows by 6% per annum to FY28, after which EBIT growth normalises to the terminal growth rate
Scenario D	Scenario A, except New Zealand EBIT grows by 2% per annum to FY30
Scenario E	Scenario A, except volume recovery in Fiji NARTD beverages and Paradise Beverages is delayed by one year to FY24. Average revenue growth and the EBITDA margin in the long term are consistent with Scenario A
Scenario F	Scenario A, except volume recovery in Fiji NARTD beverages and Paradise Beverages is delayed by two years to FY25

NPV OUTCOMES

Grant Samuel's selected value range of NZ$2,365-2,620 million for Amatil's businesses in the Pacific region reflects a subjective balancing of the scenarios and a view that the appropriate discount rate to apply is 7.5-8.5% for the business operations in New Zealand and 10-11% for Fiji NARTD beverages and Paradise Beverages. This is depicted diagrammatically below:

PACIFIC – NPV OUTCOMES



Grant Samuel's value range for Amatil's business operations in the Pacific region incorporates the NPV outcomes of all of the scenarios other than Scenarios B and D. In this regard:

- Scenario A reflects the most likely outlook for Amatil's business operations in the Pacific region. The New Zealand business has a track record of growth and achieving operating cost savings and supply chain synergies. Scenario A assumes that the New Zealand business continues to successfully execute its strategy and achieve mid-single digit EBIT growth consistent with Amatil's shareholder value proposition;
- Scenarios B, C and D are designed to show the impact on NPV of different EBIT growth assumptions for the New Zealand business. While the New Zealand business has a track record of achieving its strategic targets, the ability to continue to deliver relatively high growth over an extended time period is not certain:
  - Scenarios B and D reflect downside scenarios where the New Zealand business consistently achieves EBIT growth below its target rate (e.g. due to lower consumption demand and/or greater competition). These scenarios represent an unlikely outcome for the New Zealand business as persistent low EBIT growth rates over the long term:
    - are inconsistent with the track record and recent momentum of the New Zealand business and the positive NARTD beverage consumption trends in New Zealand; and
    - do not take into account any mitigating actions that management may implement to react to these types of changes to New Zealand NARTD beverages market.

    Consequently, in Grant Samuel's view, it is appropriate that these scenarios are outside the value range for Amatil's business operations in the Pacific region (noting that Scenario B is only just outside the bottom end of the value range); and
  - Scenario C represents an upside case for the New Zealand business. This scenario is consistent with management's expectations for EBIT growth over the long term as well as the recent historical performance of the New Zealand business. However, the ability to achieve consistently higher EBIT growth will be a challenge, and this is reflected in the value range not capturing the top end of the NPV outcome for this scenario;
- Scenarios E and F represent downside cases for the Fiji business and Paradise Beverages and assume an extended downturn caused by the COVID-19 pandemic and the economic reliance of Fiji and Samoa on tourism. An extended period of travel restrictions will result in reduced beverage consumption due

to fewer international visitors and dampened domestic demand. It is uncertain how long the current downturn in consumption will persist. While recently passed excise tax reductions would support higher alcohol sales, these tax reductions also invite greater competition from imported products. However, as the Fiji business and Paradise Beverages make a relatively small contribution to Amatil's business operations in the Pacific region (around 15% of EBIT), delayed recovery in consumption has a relatively small impact on the NPV outcomes for Amatil's business operations in the Pacific region and remain within the value range.

Taking these factors into account, Grant Samuel believes that the NPV outcomes produced by the DCF analysis support a value range for Amatil's business operations in the Pacific region of NZ$2,365-2,620 million.

6.7 Indonesia and Papua New Guinea

Summary

Grant Samuel has valued Amatil's Indonesia and Papua New Guinea business operations (on a 100% basis) in the range IDR24,320-26,931 billion which equates to $2.2-2.5 billion at an exchange rate of IDR10,991.6 = A$1:

INDONESIA AND PAPUA NEW GUINEA – VALUE SUMMARY

	VALUE RANGE	
	LOW	HIGH
Value of Indonesia and Papua New Guinea business operations (100%) (IDR billions)[101]	24,320.4	26,930.5
Exchange range (A$ to IDR)	10,991.6	10,991.6
Value of Indonesia and Papua New Guinea business operations (100%) ($ millions)	**2,212.6**	**2,450.1**
Less: non controlling interest[102]	(454.7)	(508.2)
Value of Indonesia and Papua New Guinea business operations (Amatil interest) ($ millions)	**1,757.9**	**1,941.9**

The value attributed to Amatil's Indonesian business differs from TCCC's carrying value for its 29.4% interest in PT Coca-Cola Bottling Indonesia and Amatil's consolidated net assets for the Indonesian business:

- TCCC recorded a US$205 million impairment to the carrying value of its investment in PT Coca-Cola Bottling Indonesia in September 2018, driven by revised projections for future earnings, reflecting unfavourable macroeconomic conditions and currency fluctuations[103]. TCCC's carrying value is on an equity accounted basis and represents the historical cost of the investment (US$500 million in April 2015) adjusted for profits and dividends over time, less impairments; and

- Amatil consolidates 100% of the Indonesian business. It has had an interest in PT Coca-Cola Bottling Indonesia since 1992. Amatil recognised a $175.9 million impairment charge against its Indonesian business at 26 June 2020 as a result of COVID-19 restrictions significantly impacting the business during the peak festive season, with infection rates yet to peak. This impairment was the result of a prescribed approach to assessing carrying values under the accounting standards.

In contrast, Grant Samuel's value estimate is a judgement as to the price that an acquirer may be willing to pay for PT Coca-Cola Bottling Indonesia today by reference to comparable transaction and trading multiples and DCF analysis that considers a number of scenarios for the impact of the COVID-19 pandemic and current currency exchange rates.

101 The Papua New Guinea business has been valued in Papua New Guinean kina. The value of the Papua New Guinea business has been converted to Indonesian rupiah at an exchange rate of PGK1 = IDR4.07.

102 The non controlling interest represents the 29.4% interest in PT Coca-Cola Bottling Indonesia held by TCCC.

103 Currency fluctuations represented a portion of the impairment, with the Indonesian rupiah depreciating by around 10% relative to the US$ between April 2015 and September 2018.

Under the Shareholders Agreement between Amatil and TCCC for PT Coca-Cola Bottling Indonesia, certain reserved matters require unanimous approval by both shareholders and TCCC has certain other limited rights. As a result, while Amatil has a controlling interest in its Indonesian business, it does not have unfettered control over the business. It is not uncommon to allow a discount to proportionate full underlying value to reflect these circumstances. However, Grant Samuel has not allowed for any discount in assessing the value of Amatil's 70.9% interest in PT Coca-Cola Bottling Indonesia given:

- the existing and ongoing dependence of both Amatil and PT Coca-Cola Bottling Indonesia on TCCC as the supplier of concentrate; and
- the matters that require unanimous approval relate to the overarching strategy of the business (i.e. its growth and return objectives (of long term market leadership and economic returns) and the rolling three to four year plan to achieve these objectives) and are not controversial.

Implied Multiples for Indonesia and Papua New Guinea

Based on the adjusted earnings set out in Section 6.2.2, the value range represents the following multiples:

INDONESIA AND PAPUA NEW GUINEA – IMPLIED VALUATION PARAMETERS

	VARIABLE ($ MILLION)	RANGE OF PARAMETERS	
		LOW	HIGH
Value range (100%) ($ millions)		**2,212.6**	**2,450.1**
Multiple of EBITDA			
FY19 (adjusted actual)	189.8	11.7x	12.9x
FY20 (adjusted actual)	142.4	15.5x	17.2x
FY21 (adjusted median broker forecast)	147.0	15.0x	16.7x
FY22 (adjusted median broker forecast)	172.7	12.8x	14.2x
Multiple of EBIT (times)			
FY19 (adjusted actual)	95.7	23.1x	25.6x
FY20 (adjusted actual)	60.8	36.4x	40.3x
FY21 (adjusted median broker forecast)	79.7	27.8x	30.8x
FY22 (adjusted median broker forecast)	101.1	21.9x	24.2x

Grant Samuel has separately valued Amatil's business operations in Indonesia and its business operations in Papua New Guinea. The implied multiples for Amatil's Indonesian business are higher than the implied multiples for Amatil's business in Papua New Guinea. This differential in the implied multiples takes into account the different growth and risk profiles of Indonesia and Papua New Guinea. While both are high growth markets, Indonesia's significantly larger scale and growing middle class provide a clearer path to realise this potential.

Assessing appropriate multiples for the valuation of Amatil's business operations in Indonesia and Papua New Guinea is not straightforward:

- their future earnings and value are extremely sensitive to:
  - macroeconomic and demographic factors. In the long run, strong economic growth should underpin growth in the target demographic for TCCC beverages. Indonesia and Papua New Guinea both have a young and emerging middle class population, which has typically been the key driver for consumption of NARTD beverages. However, both economies have been hit hard by the COVID-19 pandemic, the recovery path is uncertain and recovery to pre-COVID-19 levels may be some time away;
  - growth in NARTD beverage consumption per capita, particularly for sparkling beverages, ready to drink teas and juice. Recent growth in overall NARTD beverage consumption in Indonesia has been driven by bottled water rather than Amatil's core sparkling beverages category;

- the ability to increase market share in adjacent core categories (juice, ready to drink tea) while protecting its core product (sparkling beverages). Amatil currently has more than an 80% share of the sparkling beverages category. The scope to increase is relatively limited;
- affordability and margins. Consumers in Indonesia and Papua New Guinea are sensitive to product affordability, which is a consistent theme in developing markets until disposable income levels increase to substantially higher levels;
- capacity utilisation and constraints. While recently completed capital investment will provide adequate capacity for some time, meaningful levels of capital expenditure and demand management will be needed to best optimise Amatil's cost profile and operational footprint going forward; and
- currency volatility and restrictions. The IDR/A$ exchange rate has fluctuated by around 20% over the past year, ranging from IDR8,926-10 925 = A$1. These larges swings in the currency have an impact on the value of cash flows to Amatil. Similarly, government currency restrictions in Papua New Guinea limit the conversion of PGK into foreign currencies (and therefore remittance back to Australia);

▪ Amatil has an inconsistent earnings track record in Indonesia and Papua New Guinea; and

▪ consistent with other developing markets, Amatil's business operations in Indonesia and Papua New Guinea are more capital intensive (i.e. capital expenditure as a proportion of EBITDA) than Amatil's business operations in developed markets. Amatil's Indonesian business has invested heavily in its production and supply chain capacity as well as in its route-to-market operations. As a result, EBIT margins are very low. Higher capital intensity constrains the appropriate EBITDA multiples.

The historical EBITDA multiples implied by Grant Samuel's valuation of Amatil's business operations in Indonesia and Papua New Guinea are not dissimilar to Amatil's Australian business (of 11.7-12.7 times), but the forecast EBITDA multiples are higher and the historical and forecast EBIT multiples are considerably higher. Both Indonesia and Papua New Guinea are developing markets (in contrast to Australia) that have been severely impacted by the COVID-19 pandemic. The high implied forecast multiples relative to Amatil's Australian business reflect a combination of factors including:

▪ depressed earnings in the short to medium term due to the impact of the COVID-19 pandemic. The recovery back to pre COVID-19 pandemic levels will underpin growth over the period from FY22 to FY25 (FY22 is still below FY19 levels); and

▪ the high long term growth potential in both Indonesia and Papua New Guinea, driven by the growing middle class, rising disposable incomes and relatively low NARTD beverage penetration (i.e. per capita consumption).

These factors are offset, to some extent, by:

▪ the business' lack of category diversification (no alcohol sales, limited presence in key adjacent categories, particularly water (1% market share)) and a higher reliance on TCCC branded products (no owned brands);

▪ the existing dominant share in the sparkling category (more than 80%). Accordingly, Amatil will need to drive growth in the category to achieve volume growth;

▪ high capital intensity, particularly for Amatil's Indonesian business. EBIT is a better measure of effective cash flow (if depreciation reflects capital expenditure) and Amatil's Indonesian business barely broke even at the EBIT level in FY20. The implied EBIT multiples (even in FY22) are very high. Substantial growth in volumes and margins will be necessary to bring these down to more reasonable levels; and

- the risk of implementation of a sugar tax in Indonesia aimed at reducing the consumption of sugar and artificially sweetened beverages such as *Sprite* and *Fanta*. The Indonesian Finance Ministry submitted a proposal in February 2020, which is currently under review. However, this risk is partially offset by the recent introduction of reduced or no sugar alternatives.

In any event, the implied multiples for Amatil's business operations in Indonesia and Papua New Guinea are generally not inconsistent with the most relevant transaction multiples for comparable companies in developing markets (i.e. those that involved entry into a new market at scale). These transactions have taken place at historical multiples of 13.5-15 times EBITDA and 22-25 times EBITA and include TCCC's US$500 million investment for a 29.4% interest in Amatil's Indonesian business in 2015 (13.9 times historical EBITDA and 21.7 times historical EBITA).

While TCCC's investment in Amatil's Indonesian business is arguably the most relevant reference point for valuing Amatil's business in Indonesia (despite not being a control transaction), it is necessary to consider subsequent performance and the impact of the COVID-19 pandemic. The performance of Amatil's Indonesian business since the 2015 investment has been below expectations due to a challenged NARTD beverages market (relatively flat volumes from 2016 to 2019 and flat per capita consumption driven by bottled water as the expense of key Amatil products). These challenges and the high level of capital investment have translated to lower EBITDA and EBIT margins for the business. The COVID-19 pandemic has had a material adverse impact (around a 25% reduction in EBITDA in FY20). However, the longer term outlook for the business remains positive. Amatil's Indonesian business is still targeting long term market leadership and economic returns (including a 10% EBIT margin once consumption patterns recover and the capital intensive phase winds down) consistent with the original growth and return objectives set by TCCC and Amatil in 2015, albeit achieving these objectives has been delayed from the original 2023 target. At the same time, realisation of Papua New Guinea's long term potential is likely to be more challenging due to ongoing political and regulatory instability.

The implied multiples for Amatil's business operations in Indonesia and Papua New Guinea are higher than the transactions in the developing markets of Brazil and Mexico. This is appropriate as these transactions were:

- generally much smaller than Amatil's business operations in Indonesia and Papua New Guinea (other than Spaipa which was acquired at a higher post synergies multiple of 11.1 times EBITDA);
- in geographical markets (i.e. Latin America 2010-2015) with weakening economic outlooks; and
- in-market or adjacent market acquisitions primarily driven by supply chain and distribution synergies rather than accessing a growing middle class market.

The implied multiples for Amatil's business operations in Indonesia and Papua New Guinea are also generally well above the trading multiples for Coca-Cola bottlers, none of which are purely focused on developing markets with the growth potential of Indonesia and Papua New Guinea. Of the comparable companies, Coca-Cola Hellenic has the most similar developing market exposure and trades at a premium to its listed peers. However, revenue from developing markets represent only around 50% of its volumes and revenue.

DCF Analysis

DCF ASSUMPTIONS

For Scenario A, the DCF model assumes the following:

- total revenue grows at an average rate of 10% per annum, reflecting the lower FY20 base and high consumption growth expectations in the Indonesian and Papua New Guinean markets. Total revenue grows at a higher rate in the initial years as the recovery from the market downturn gains momentum and Amatil executes its strategic initiatives. Growth tapers to around 5% per annum by FY30, reflecting a combination of inflation. Local demographic trends and population growth. In particular:
  - volumes in Indonesia remain low in FY21 but recover by FY22. In contrast, volumes in Papua New Guinea recover to FY19 levels in FY21 given Amatil's more resilient volumes in the region in FY20;
  - volume growth in Indonesia averages 7% per annum, driven by an emerging middle class and increasing per capita consumption of sparkling beverages. Volume growth in Papua New Guinea averages 7% per annum with existing capacity constraints removed through the opening of the new Lae facility and can line upgrade; and
  - there are limited price increases (i.e. below inflation) in Indonesia and Papua New Guinea due to consumer demand for more affordable products (e.g. smaller packs targeted to at-home consumption);
- the overall gross margin increases steadily as a result of production efficiencies in the Papua New Guinea business from the upgraded Lae facility and can line upgrade, before stabilising at 35-36% by FY27. Operating expenses also decline (as a percentage of revenue) due to scale efficiencies;
- these assumptions result in the overall EBITDA margin remaining below 20% up to FY24 but growing to 24% by FY30. EBIT grows by more than 10% per annum up to FY28, consistent with Amatil's shareholder value proposition, but declines to the high single digits in FY29 and FY30. The EBIT margin in Indonesia reaches the 10% milestone in FY24;
- higher capital expenditure from FY21 to FY24 as deferred growth capital expenditure is deployed in Indonesia and Papua New Guinea (including completion of a new warehouse in Papua New Guinea and further capacity investments and water treatment projects) before normalising to around IDR600 billion per annum in Indonesia and K60 million per annum in Papua New Guinea (in real terms), or around 4% of revenue;
- working capital is calculated 3% of revenue for Indonesia and 19.5% of revenue for Papua New Guinea. Working capital levels are relatively higher in Papua New Guinea given the higher stock requirements in its supply chain;
- corporate tax rates of 20% for Indonesia (22% in FY21) and 30% for Papua New Guinea; and
- a terminal growth rate of 4.5% for Indonesia and 5% for Papua New Guinea, reflecting local inflation rates, expected NARTD beverage per capita consumption rates and growing middle class populations (implying an EBITDA exit multiple of 8.5-10 times for Indonesia and 6-7 times for Papua New Guinea).

DCF SCENARIOS

The key assumptions underlying each of the scenarios considered are outlined below:

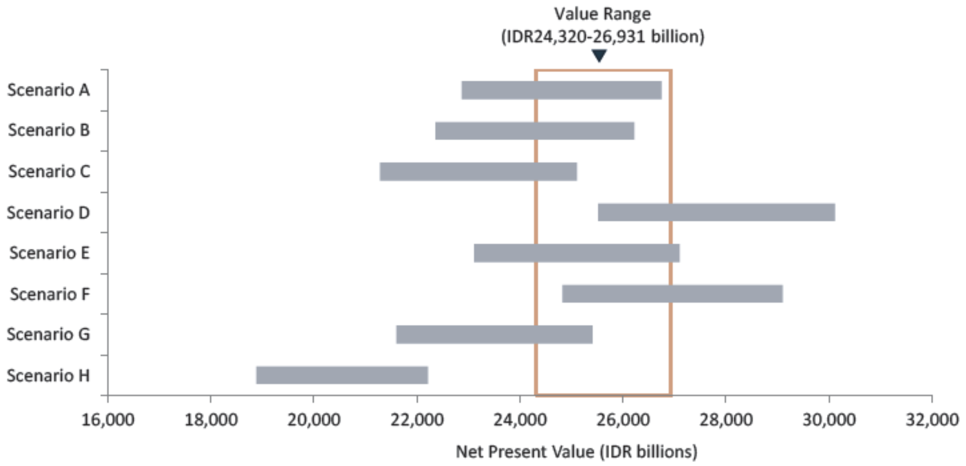
INDONESIA AND PAPUA NEW GUINEA – DCF SCENARIOS

SCENARIO	DESCRIPTION
Scenario A	As above
Scenario B	Scenario A, except the 10% EBIT margin milestone for Indonesia is achieved in FY25. Revenue and volume growth rates remain consistent with Scenario A and EBITDA margins reach 24% by FY30
Scenario C	Scenario A, except Indonesia's recovery to FY19 levels is delayed to FY23. Average annual growth in volumes and revenue remain at 7% per annum and 10% per annum respectively. The overall EBITDA margin falls to 13% in FY22 before gradually recovering to 24% by FY30. The 10% EBIT margin milestone for Indonesia is achieved in FY26
Scenario D	Upside scenario where average growth in volume in Indonesia is 9% per annum and the 10% EBIT margin milestone is achieved in FY25. Overall volume and revenue growth is higher than Scenario A, at an average of 8.5% per annum and 10 5% per annum respectively. The EBITDA margin increases to 25% by FY30.
Scenario E	Scenario B, except volume growth in Papua New Guinea averages 8% per annum, resulting in average overall revenue growth of 9 5% per annum over the projection period. The EBITDA margin increases to 25% by FY30.
Scenario F	Scenario B, except volume growth in Papua New Guinea averages 10% per annum, resulting in average overall revenue growth of 10% per annum over the projection period. The EBITDA margin increases to 26% by FY30.
Scenario G	Scenario B, except volume growth in Papua New Guinea averages around 1% per annum up to FY24 and higher growth from FY25, resulting in average volume growth in Papua New Guinea of 7% per annum over the projection period. There is no change in overall average revenue and volume growth or the long term EBITDA margin
Scenario H	Scenario B, except volume growth in Papua New Guinea averages around 3.5% per annum over the projection period. Overall revenue and volume growth fall to an average of 9% per annum and 7% per annum respectively. The EBITDA margin increases to 21% by FY29.

NPV OUTCOMES

Grant Samuel's selected value range of IDR24,320-26,931billion for Amatil's Indonesia and Papua New Guinea business operations reflects a subjective balancing of the scenarios and a view that the appropriate discount rates to apply are 11-12% for Indonesia and 14-15% for Papua New Guinea. This is depicted diagrammatically below:

INDONESIA AND PAPUA NEW GUINEA– NPV OUTCOMES



Grant Samuel's value range for Amatil's Indonesia and Papua New Guinea business operations incorporates the majority of Scenarios A, B and E, the upper half of Scenarios C and G, the bottom portion of Scenario F and the low end of Scenario D. The NPV outcome for Scenario H is outside the value range. Grant Samuel has considered the NPV outcomes for all the scenarios in determining its value range for Amatil's Indonesia and Papua New Guinea business operations. In this regard:

- Scenarios A, B and C illustrate the NPV impact of different timing for recovery from the COVID-19 pandemic in Indonesia. While the recovery trajectory remains uncertain, a rising number of cases, relatively low testing rates and continued weak trading suggests that it is unlikely that volumes will return to FY19 levels before FY22 (Scenario B). The long term 10% EBIT margin milestone remains attainable, albeit delayed slightly from the original growth and return objectives set in 2014. Scenario C assumes a further delay for recovery in volumes until FY23 and is considered less likely in the absence of other changes to the business to mitigate the impact of a prolonged period of low volumes;
- Scenarios E, F, G and H consider a wide range of volume growth outcomes for the Papua New Guinea business to reflect the uncertain pathway to economic growth and higher NARTD beverage consumption. While execution and political risks remain, the outlook for Papua New Guinea remains consistently positive in the long term, given its young and growing population, early developing stage of the economy and resource rich potential that may fuel future growth:
  - Scenarios E and F reflect higher growth potential in Papua New Guinea and are both plausible outcomes, although Scenario F reflects a higher level of execution risk given the underlying volume growth assumptions. The business has been running at close to capacity and completion of the Lae warehouse and canning line project will alleviate any near term capacity constraints. Both scenarios assume that the Papua New Guinea business is able to deliver double-digit EBIT growth targets in line with, or slightly above, the returns set out in Amatil's shareholder value proposition; and
  - Scenarios G and H are downside scenarios:
    - Scenario G, while possible, is considered less likely. NARTD beverage volumes in the Papua New Guinea business have recovered in recent months and have returned to FY19 levels despite ongoing economic weakness and political uncertainty. This scenario assumes that consumption will not recover to FY19 levels until FY23 which seems unlikely given the achievements of the Papua New Guinea business to date amid uncertain market conditions; and
    - Scenario H is a highly unlikely outcome unless the economic and health situation in Papua New Guinea worsens significantly and continues for an extended period of time. Under this Scenario, the Papua New Guinea business only achieves single digit EBIT growth over the long term; and
- Scenarios D and F are upside cases for Indonesia and Papua New Guinea, respectively. The value range incorporates the lower end of the NPV outcomes for both of these scenarios (although a larger proportion of the Scenario F NPV outcomes). While there is considerable risk associated with achieving these higher growth scenarios, both the Indonesian and Papua New Guinean businesses have very strong long term growth outlooks and substantial upside potential.

Taking these factors into account, Grant Samuel believes that the NPV outcomes produced by the DCF analysis support a value for Amatil's Indonesia and Papua New Guinea business operations in the range IDR24,320-26,931 billion.

6.8 Group Office Costs

The valuations of Amatil's business operations do not reflect all of Amatil's group office costs. Therefore, separate allowance has been made for unallocated group office costs. Amatil's unallocated group office costs (EBIT) are approximately $45 million per annum. These costs represent costs associated with running Amatil's head office and include:

- costs of the Amatil group executive office such as costs associated with the offices of the Group Managing Director and Group Chief Financial Officer, company secretarial and legal, corporate affairs, treasury and tax;
- listed company costs such as directors' fees, annual reports and shareholder communications, share registry and listing fees; and
- costs of certain group shared services such as human resources and information technology that are not fully recharged to the business operations during the year.

Any acquirer of 100% of Amatil would be able to save the costs associated with being a publicly listed company. The ability to save other group office costs (other than some senior group executives) is less clear given Amatil's size and position in the Australian beverages market and its operations in other regions.

Based on discussions with Amatil management, it is estimated that savings of just under 50% of group office costs (primarily costs associated with the group executive and listed company costs) could be achieved by any acquirer. Even if the group office was abolished, there would be residual costs that would be pushed down to the regional business operations. Grant Samuel has estimated a value of $335-395 million for unallocated group office costs, representing the value of group office costs that may remain following the acquisition of Amatil. The range of negative values attributed to group office costs has been calculated using DCF analysis (at a discount rate of 7.5-8.5%). It represents a multiple of approximately 11-13 times forecast EBIT after assumed cost savings.

7 Evaluation of the Scheme

7.1 Summary of Opinion

Grant Samuel has concluded that the Scheme is fair and reasonable. Accordingly, it is Grant Samuel's opinion that the Scheme is in the best interests of the Independent Shareholders in the absence of a superior proposal.

7.2 Fairness

Grant Samuel has estimated the full underlying value of equity in Amatil to be in the range $9.2-10.2 billion, which corresponds to $12.68-14.01 per share[104].

The consideration of $13.50 cash per share falls within the value range of $12.68-14.01 per share. In fact, the aggregate Scheme Consideration falls in the upper half of the value range. Accordingly, the Scheme is fair.

The value range of $12.68-14.01 per share includes a premium for control and exceeds the price at which, based on current market conditions, Grant Samuel would expect Amatil shares to trade on the ASX in the absence of a change of control proposal (or speculation as to such a proposal).

The value is the aggregate value of the estimated value of Amatil's business operations less external liabilities and any non trading assets or liabilities. The value of the business operations was estimated having regard to both multiples of earnings/cash flows and DCF analysis. The valuation and the basis for it are set out in detail in Sections 5 and 6 of this report.

Valuation of any business is a forward looking construct and is subject to uncertainty even in the most benign economic circumstances. The emergence and likely aftermath of the COVID-19 pandemic has introduced a significantly higher level of uncertainty. Amatil's earnings in FY20 have fallen sharply particularly in the on-the-go channel as a result of the closure of venues (pubs, clubs, restaurants, cafes), cancellation of events and the virtual shut down of tourism.

The path to full recovery is unclear both as to timing and extent:

- when will a vaccine become widely available in each of Amatil's territories? How long will it take for the community to be effectively inoculated?
- how strong will the recovery in employment and discretionary incomes be and over what time frame in each territory?
- how will the significant adverse impact on government fiscal positions affect the recovery?
- when will international travel (beyond a few select countries) open up?
- how long will it take venues and events to reach previous levels of activity?
- what events (e.g. outbreaks) could derail the opening up of each economy? and
- will changes in social habits and travel patterns become permanent?

In addition:

- the cost of capital in a virtually zero percent interest rate environment has become even more debatable; and
- the applicability of historical benchmarks (e.g. earnings multiples from comparable transactions) is also questionable. The very low interest rates should have lowered the cost of equity relative to the

104 On a cum dividend basis (i e. prior to the $0.18 per share final dividend to be paid by Amatil).

past thereby warranting higher multiples. However, low interest rates are only sustainable in a "low growth world" which suggests lower multiples.

In these circumstances, it is unrealistic to be precise or definitive about value at the current point in time. Accordingly, the value range is wider than it might otherwise be.

It is also important to recognise that the DCF methodology has limitations as a valuation tool. It is focussed on the expected cash flows and the riskiness of those cash flows (in terms of variability relative to the economy as a whole). It is not designed to take account of factors that don't directly impact growth in cash flows but nevertheless go to value. Specifically, it doesn't explicitly take into account:

- the impact of being a franchisee rather than an owner of the brands able to make one's own decisions around product and marketing strategies; or, on the other hand
- the advantages of being part of the Coca-Cola system including the power of the key TCCC brands and the access to global marketing, innovation and technology.

However, the value analysis conducted by Grant Samuel included benchmarking the value relative to earnings multiples from acquisitions of other Coca-Cola bottlers as well as other beverage manufacturers. Those transactions reflected these factors (i.e. limited strategic control and benefits of TCCC affiliation for Coca-Cola bottlers and the absence of these factors for some of the others).

7.3 Reasonableness

As the Scheme is fair, it is also reasonable. In any event, there are a number of other factors that support the reasonableness of the Scheme and which Independent Shareholders should consider in determining whether to vote for or against the Scheme. These factors are set out in the following sections.

7.3.1 Premium for Control

The aggregate Scheme Consideration of $13.50 per share represents a premium of around 26-36% relative to prices at which Amatil shares traded in the month prior to announcement of the receipt by Amatil of a non binding indicative proposal from CCEP on 26 October 2020[105]. The premium is higher (circa 46-50%) when compared to prices over longer periods:

CONSIDERATION – PREMIUM OVER PRE ANNOUNCEMENT PRICES

PERIOD	AMATIL PRICE/VWAP	PREMIUM
Closing price on 22 October 2020	$10.75	25.6%
1 week prior to 22 October 2020 – VWAP	$10.35	30.4%
1 month prior to 22 October 2020 – VWAP	$9.96	35 5%
3 months prior to 22 October 2020 - VWAP	$9.22	46 5%
6 months prior to 22 October 2020 - VWAP	$8.98	50 3%

These premiums are consistent with the level of premiums typically associated with takeovers in Australia (20-35%), taking into account that the three and six month VWAPs would reflect Amatil share prices that were more impacted by the COVID-19 pandemic. However, it is important to recognise that premiums for control:

- are an outcome not a determinant of value; and

105 Trading in Amatil shares was temporarily paused prior to the market opening on 23 October 2020 and Amatil subsequently went into a trading halt. Consequently, the closing pre announcement share price was the closing price on 22 October 2020.

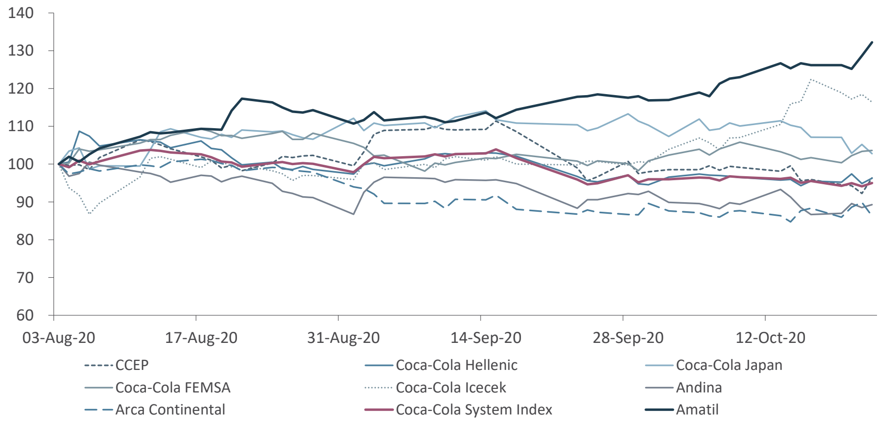
- vary widely depending on the individual circumstances of the target and other factors (such as the potential for competing offers). The premiums in a substantial proportion of transactions actually fall outside (either above or below) the 20-35% range.

When considering the extent of the premium, Independent Shareholders should also take the following factors into account:

- Amatil shares have never traded at above $13.50 (other than for a brief period in late 2012/early 2013). The shares reached their most recent high of $13.18 on 21 February 2020, the day following announcement of Amatil's FY19 full year results. However:
  - the shares only traded at prices above $12 for a period of 17 days in total;
  - for the previous five years they had largely traded in the range $8-10 per share; and
  - while the highs in February 2020 might have reflected positive reaction to the FY19 performance and expectations about the success of Amatil's latest transformation program, it was before the COVID-19 pandemic arose. The COVID-19 pandemic has had substantial deleterious effects on mature consumer businesses such as Amatil and any subsequent share price would reflect that impact even if it is assumed that business eventually recovers to pre pandemic levels;
- it could be argued that the Scheme is opportunistic, taking advantage of the weakness in Amatil's share price as a result of the COVID-19 pandemic and, further, that as the pandemic passes and the economy begins to recover, the Amatil share price should also materially strengthen. However:
  - the Amatil share price rose by over 25% from early August 2020 to just prior to announcement of the initial scheme of arrangement (from just over $8 to more than $10). The aggregate Scheme Consideration represents a premium of over 60% to the price in early August 2020. In this context, it is important to note that the rise in Amatil's share price over that period far exceeded the performance of any other Coca-Cola bottler as well as the ASX:

COCA-COLA BOTTLERS – SHARE PRICE PERFORMANCE

3 AUGUST TO 22 OCTOBER 2020



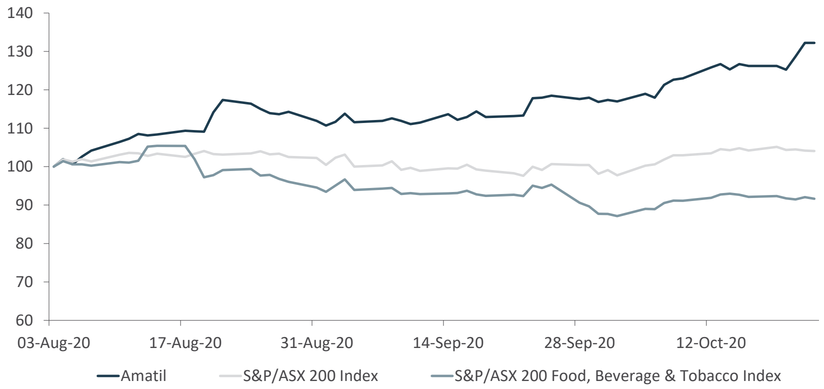
Source: S&P Capital IQ

Notes:

1. The Coca-Cola System Index has been calculated by Grant Samuel and is a weighted average of the relative share prices of each of the Coca-Cola bottlers (excluding Amatil)
2. The closing share price for Coca-Cola Icecek on 3 August 2020 is the closing price on Thursday 30 July 2020 as the market was closed for the Eid al-Adha festival on Friday 31 July 2020 and Monday 3 August 2020

AMATIL VS S&P/ASX 200 INDEX VS S&P/ASX 200 FOOD, BEVERAGE & TOBACCO INDEX

3 AUGUST TO 22 OCTOBER 2020



Source: IRESS

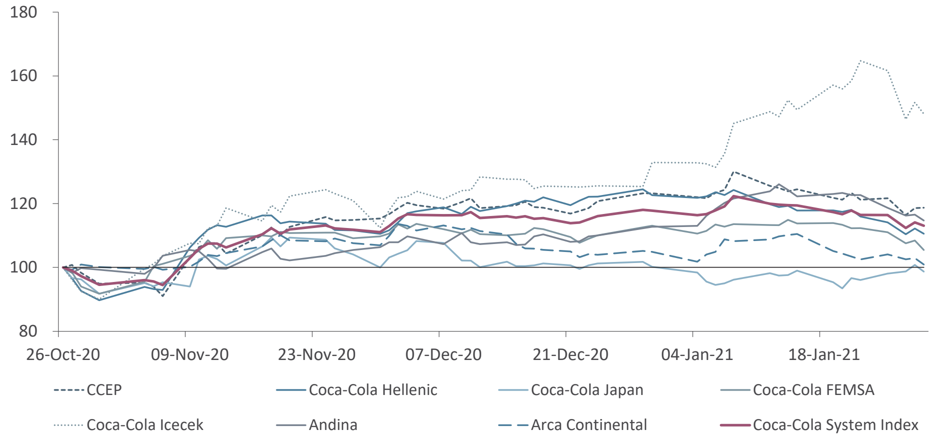
This relative performance suggests that market was already recognising the fact that Australia's more effective response to the COVID-19 pandemic would lead to a faster turnaround in the operating performance of Amatil than most other regions; and

- it is reasonable to assume that the share price immediately prior to the announcement of the initial scheme of arrangement did not reflect an assumption that the COVID-19 pandemic continued ad infinitum but, rather, that there would eventually be some medical solution and economic recovery over the new few years. This expectation is evident from broker reports including their forecasts for FY21 and FY22. In other words, a recovery of some kind was already "baked into" the share price prior to 22 October 2020 although it is not possible to determine the precise timing and extent of the recovery effectively assumed by the market "on average". It may be that, given recent vaccine announcements, the market may now expect a shorter and stronger recovery path. On the other hand, the rise in the Amatil price since August 2020 would appear to already incorporate a significant degree of optimism;

- the Australian equities market as a whole and the share prices of other listed Coca-Cola bottlers have both strengthened since Amatil announced that it has received a non binding indicative proposal from CCEP on 26 October 2020:

COCA-COAL BOTTLERS – SHARE PRICE PERFORMANCE

26 OCTOBER 2020 TO 29 JANUARY 2021



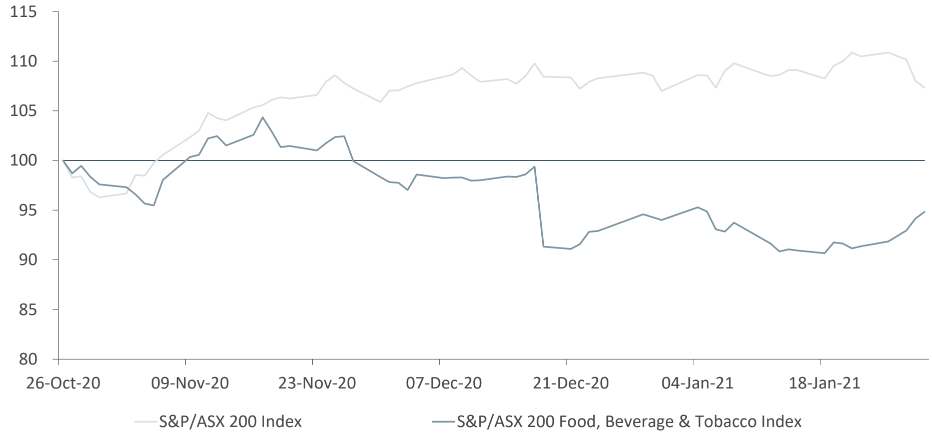
Source: S&P Capital IQ

Notes:

1. The Coca-Cola System Index has been calculated by Grant Samuel and is a weighted average of the relative share prices of each of the Coca-Cola bottlers (excluding Amatil)

S&P/ASX 200 INDEX VS S&P/ASX 200 FOOD, BEVERAGE & TOBACCO INDEX

26 OCTOBER 2020 TO 29 JANUARY 2021



Source: IRESS

While this does not mean that the underlying value of Amatil has increased by a similar amount since 26 October 2020:

- underlying values do not fluctuate on a dollar for dollar basis in line with share price movements;
- some of the increase in Coca-Cola bottler share prices could be argued to be catch up. Their performance during the July-October 2020 period was substantially behind that of Amatil (which rose by over 25% in this period); and
- while the S&P/ASX 200 Index has risen by around 7%, the S&P/ASX 200 Food, Beverage & Tobacco Index has in fact fallen in this period. This may be due to specific adverse events affecting the two key members of the Index (A2 Milk and Treasury Wine Estates), but it does

indicate that the market strengthening is not evenly spread. Most of the rise in the overall market is due to increases in resources and financial services stocks,

the increase in the aggregate Scheme Consideration from $12.75 to $13.50 (6%) broadly corresponds to the rise in the S&P/ASX 200 Index and the share prices of other Coca-Cola bottlers; and

- as a general proposition, the share price of a listed company reflects the underlying economics of a business as it is currently operated. The premiums paid in takeovers are normally paid to enable acquirers to:
  - manage the business as they see fit so as to improve the earnings and cash flows; and/or
  - to capture synergies through combining the target with their existing businesses.

  In this context, it must be recognised that Amatil does not have unfettered control of its business. Amatil's main business is the bottling and distribution of TCCC products and, as such, it is subject to:
  - bottlers' agreements of limited duration (ten years) in respect of each of its territories. There is no guarantee of renewal although, as a matter of fact, TCCC has rarely, if ever, terminated or failed to renew a bottlers agreement for performance issues (as opposed to conflicts of interest[106]) with any bottler globally in the last 50 years;
  - TCCC is responsible for all marketing strategy and execution for TCCC products (e.g. television advertising campaigns) in each territory. The total cost of this marketing is shared between TCCC and the bottler on a negotiated basis that is agreed annually while the bottler also bears the cost of point of sale promotional activity. Amatil is closely consulted on marketing and an agreed joint plan is established at the beginning of each year. Nevertheless, Amatil is fundamentally dependent on TCCC:
    - making the right strategic calls on its beverage portfolio;
    - continuing to spend on marketing at adequate levels; and
    - successfully executing its strategies (e.g. effective new advertising campaigns);
  - the success or otherwise of TCCC's product innovation and development; and
  - periodic renegotiation of the price paid to TCCC for concentrates.

  In short, TCCC has a substantial degree of influence over the Amatil business. Moreover, that influence is exercised in practice rather than through prescriptive legal agreements.

  No acquirer (other than TCCC, which has shown limited appetite to acquire bottling businesses outside of the United States on a long term basis) would be able to materially change that level of operational control. In that context it is arguable that, other things being equal, the level of any control premium for Amatil should be less than in other more conventional situations.

  Similarly, there are limited opportunities for synergies. Given Amatil's size and position in the Australian beverages market, there is no realistic scope for an in-market acquirer except for, possibly, Lion/Kirin[107, 108]. The most likely acquirers are either a bottler from another region or a private equity style bidder. In either case, there would be savings in listed company costs (including board, financial

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106 For example, TCCC announced its intention to terminate the bottlers agreement held by Delta Beverages (a Zimbabwean Coca-Cola bottler) controlled by SABMiller plc ("SABMiller") following the takeover of SAB Miller by Anheuser-Busch InBev NV/SA (which is a Pepsi bottler in Latin America) although ultimately a compromise was reached. TCCC also exercised its rights to acquire SABMiller's other Coca-Cola bottling operations across Africa and Central America.

107 Lion Pty Limited ("Lion") (formerly Lion Nathan) is wholly owned subsidiary of Kirin which, following the sale of its dairy and drinks business to Bega Cheese, is focused on beer and alcoholic beverages.

108 Asahi (which includes CUB) is also a key participant in the Australian beverages market and therefore is a theoretical buyer. However, it would face insurmountable conflict and competition issues as it bottles and distributes products that are Amatil's prime competitors (e g. *Schweppes, Pepsi, Mountain Dew, Solo, Sunkist*).

reporting and investor relations) and some senior executives but, in reality, an acquirer would need to retain most of the senior management team (certainly at a regional level) and operational infrastructure. The limited scope for synergies also suggests a premium towards the lower end of the spectrum.

Despite the arguments supporting a lower control premium, the aggregate Scheme Consideration does, in fact, represent a premium that is in line with market norms.

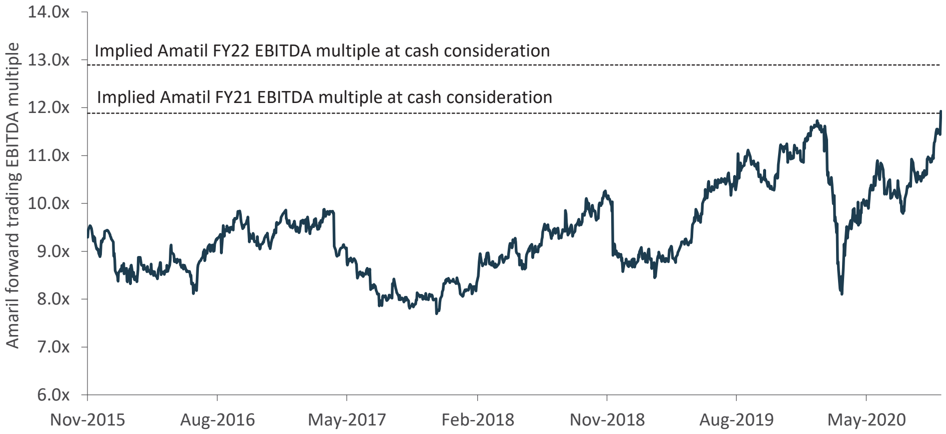
7.3.2 Share Trading in the Absence of the Scheme

The Scheme enables shareholders to realise their investment in Amatil at a cash price that incorporates a premium for control. In the absence of the Scheme or a similar transaction, shareholders could only realise their investment by selling on market at a price which does not include any premium for control and would incur transaction costs (e.g. brokerage).

In these circumstances, and in the absence of the Scheme or a similar transaction, it is likely that, under current market conditions, Amatil shares would trade at prices well below $13.50. A share price of $13.50 would imply multiples well above the levels at which Amatil shares have generally traded over the past five years:

AMATIL – FORWARD TRADING EBITDA MULTIPLE[109]

18 NOVEMBER 2015 TO 22 OCTOBER 2020



Source: S&P Capital IQ, based on EBITDA forecast for next 12 months

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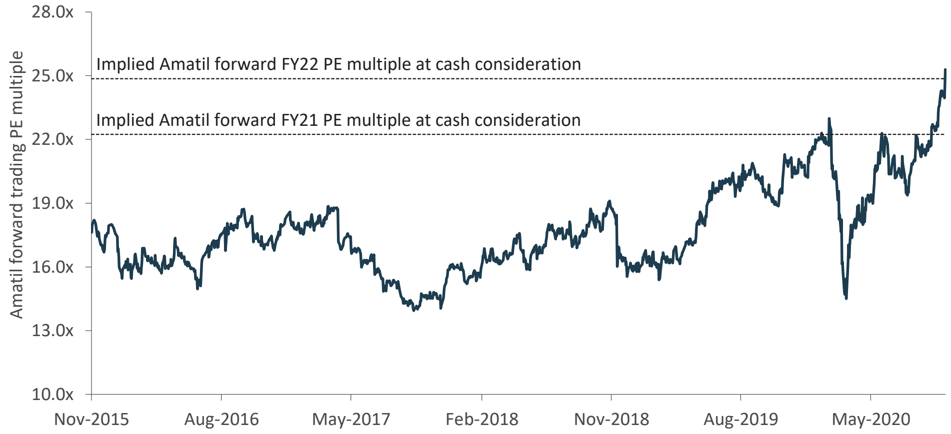
109 The forward trading EBITBA and PE multiples in the months prior to October 2020 are based on FY20 forecasts for Amatil's earnings (which were adversely impacted by the impact of the COVID-19 pandemic) at a time when the share price was increasing as the economy (particularly in Australia and New Zealand) began to recover from the impact of the COVID-19 pandemic. This explains why the forward EBITDA and PE multiples are similar to the implied Amatil FY21 and FY22 EBITDA and PE multiples at the aggregate Scheme Consideration (despite the Amatil share price at this time being below the aggregate Scheme Consideration of $13.50 per share).

AMATIL – FORWARD TRADING PE MULTIPLE[109]

18 NOVEMBER 2015 TO 22 OCTOBER 2020



Source: S&P Capital IQ, based on NPAT forecast for next 12 months

7.3.3 Alternative Proposals

It is conceivable that a third party could make a higher offer for Amatil. However, in Grant Samuel's opinion that is unlikely:

- TCCC's 30.8% shareholding in Amatil together with the nature of the bottlers' agreements is an impediment to any hostile proposal. It means that an acquirer is highly unlikely to succeed without TCCC's "blessing". This impediment was clearly demonstrated in 2008/09 when Lion Nathan (supported by its major shareholder, Kirin) attempted to acquire Amatil. The proposal required the support of TCCC, but this was ultimately not obtained and the proposal was terminated; and
- TCCC has reached an accommodation with CCEP in relation to its proposal. CCEP is regarded as one of the most successful bottlers within the Coca Cola global bottler network and is likely to be perceived by TCCC as the best party to drive volume and market share (which are key concerns for TCCC).

  It is highly unlikely that any non Coca-Cola bottler (or non beverage business) could offer the same perceived operational benefits to TCCC.

The meeting at which Amatil shareholders will vote on the Scheme is scheduled for 16 April 2021. This should be ample time for an alternative offeror to come forward. If this does not occur, it would be imprudent for shareholders to vote against the Scheme in anticipation of a higher offer from a third party.

7.3.4 A Higher Offer from CCEP

The aggregate Scheme Consideration of $13.50 per share is materially higher than previous proposals made by CCEP, which have been non binding and confidential. CCEP approached Amatil in early 2019 (i.e. pre the COVID-19 pandemic) with an offer of less than $10 per share, which was rejected by Amatil. Discussions continued until August 2019. CCEP contacted Amatil again in September 2020 and negotiated the initial cash consideration of $12.75 per share.

Following announcement of the increase in the aggregate Scheme Consideration to $13.50 per share, CCEP has stated that this is its "best and final" offer. Accordingly, there is no prospect of a higher offer from CCEP.

7.3.5 The CCEP/TCCC Transaction

CCEP has reached a separate agreement to acquire TCCC's 30.8% shareholding in Amatil. The terms are less favourable than those applying to the Independent Shareholders:

- the first tranche, representing approximately 10.8% of Amatil's issued capital will be acquired at a price of $9.57 per share[110] payable in cash immediately after the Scheme is implemented;
- the second tranche, representing approximately 20.0% of Amatil's issued capital will be acquired under a more complex arrangement:
  - CCEP can elect to acquire either some or all of the shares immediately upon implementation of the Scheme for $10.75[110] per share, payable in cash, shares in CCEP (0.19372 shares in CCEP for each share in Amatil[111]) or a mixture of cash and shares at CCEP's election; and
  - any shares not acquired by CCEP immediately can be "put" back to CCEP at any time within a period of three years beginning from the third anniversary implementation of the Scheme. The consideration will be paid in CCEP shares at the same ratio as above (i.e. 0.19372 shares in CCEP for each share in Amatil[111]).

Based on these terms, the consideration payable to TCCC is currently far less favourable than that payable to the Independent Shareholders. For it to become equivalent to the $13.50 aggregate Scheme Consideration, TCCC would need to take the maximum amount of its consideration as CCEP shares and CCEP shares would need to be trading at US$61.98 (assuming an exchange rate of US$1 = A$0.77) compared to the current share price of US$52.89[112].

Grant Samuel understands there are no other arrangements or "side deals" between CCEP and TCCC in relation to the interest in Amatil.

The net effect is that CCEP will acquire the whole of Amatil at a lower value than the value implied by the $13.50 per share to be paid to the Independent Shareholders:

CCEP PROPOSAL – VALUE PARAMETERS

	IMPLIED BY AGGREGATE SCHEME CONSIDERATION PAID TO INDEPENDENT SHAREHOLDERS	AVERAGE IMPLIED BY OVERALL TRANSACTION	
		TCCC TAKES ALL CASH	TCCC TAKES MAXIMUM SCRIP[113]
Consideration per share	$13.50	$12.53	$13.04
FY19 PE multiple[114]	24.7x	22.9x	23.9x
Enterprise Value ($ millions)[115]	**11,684.2**	**10,978.5**	**11,352.2**
Multiple of FY22 EBITDA[114]	12.0x	11.3x	11.6x
Multiple of FY22 EBIT[114]	16.7x	15.7x	16.3x

The rationale for TCCC accepting these terms has not been disclosed but it is not unreasonable to assume that:

- it reflected a TCCC belief that CCEP will improve the operating performance of Amatil; and/or

110 Less the cash amount of the final dividend in respect of 2HY20 declared and paid to Amatil shareholders prior to implementation of the Scheme.

111 With the ratio adjusted for any 2HY20 dividends.

112 CCEP share price and exchange rate at 5 March 2021.

113 Assuming that the second tranche is all paid in CCEP shares and assuming a CCEP share price of US$52.89 and an exchange rate of US$1 = A$0.77).

114 Pre AASB16, after group office cost savings.

115 Calculated on a 100% basis assuming net debt of $1,269 9 million, non controlling interests of $499.8 million (the mid point of Grant Samuel's valuation range) and other assets and liabilities of $104.9 million (the mid point of Grant Samuel's valuation range).

- it facilitated CCEP being able to make a higher offer than otherwise to the Independent Shareholders.

It could be argued that the analysis of the CCEP Proposal for the Independent Shareholders should be based on the effective cost to CCEP rather than the $13.50 aggregate Scheme Consideration, but Grant Samuel does not believe this basis to be appropriate. It does not represent the value being offered to the Independent Shareholders.

7.3.6 Other Matters

There are few issues other than price when shareholders are faced with a cash offer. Other matters that the Independent Shareholders should take into consideration are:

- if the Scheme is implemented, Independent Shareholders will be treated as having disposed of their Amatil shares for tax purposes. A capital gain or loss may arise on disposal depending on the cost base for the Amatil shares, the length of time held, whether the shares are held on capital or revenue account and whether the shareholder is an Australian resident for tax purposes. For this purpose, the consideration will be $13.50 per share less the $0.18 2HY20 dividend declared and paid to Amatil shareholders before the Scheme implementation date. Details of the Australian taxation consequences for Independent Shareholders who are Australian resident individuals and hold their shares on capital account are set out in Section 9 of the Scheme Booklet. Shareholders should consult their own professional adviser in relation to the taxation consequences; and
- if the Scheme is not approved by Independent Shareholders or otherwise not implemented, it is estimated that Amatil will incur costs (including legal and other adviser's fees as well as printing and mailing costs) of $12-16 million (around 2 cents per share). Furthermore, in certain circumstances, Amatil will be liable to pay CCEP a $46.4 million break fee.

7.4 Shareholder Decision

Grant Samuel has been engaged to prepare an independent expert's report setting out whether in its opinion the Scheme is fair and reasonable to, and in the best interests of, Independent Shareholders and to state reasons for that opinion. Grant Samuel has not been engaged to provide a recommendation to Independent Shareholders in relation to the Scheme, the responsibility for which lies with the directors of Amatil.

In any event, the decision to vote for or against the Scheme is a matter for individual shareholders based on their views as to value and business strategy, their expectations about future economic and market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. In particular, taxation consequences may vary from shareholder to shareholder. If in any doubt as to the action they should take in relation to the Scheme, Independent Shareholders should consult their own professional adviser.

8 Qualifications, Declarations and Consents

8.1 Qualifications

The Grant Samuel group of companies provide corporate advisory services in relation to mergers and acquisitions, capital raisings, debt raisings, corporate restructurings and financial matters generally. The primary activity of Grant Samuel & Associates Pty Limited is the preparation of corporate and business valuations and the provision of independent expert's reports in connection with mergers and acquisitions, takeovers and capital reconstructions. Since inception in 1988, Grant Samuel and its related companies have prepared more than 570 public independent expert and appraisal reports.

The persons responsible for preparing this report on behalf of Grant Samuel are Jaye Gardner BCom LLB (Hons) CA SF Fin GAICD and Stephen Wilson MCom (Hons) CA SF Fin. Both have a significant number of years of experience in relevant corporate advisory matters. Shaun Yu BBA CFA and William Goh BCom LLB assisted in the preparation of the report. Each of the above persons is a representative of Grant Samuel pursuant to its Australian Financial Services Licence under Part 7.6 of the Corporations Act.

8.2 Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Grant Samuel's opinion as to whether the Scheme is in the best interests of Amatil shareholders other than TCCC. Grant Samuel expressly disclaims any liability to any Amatil shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Grant Samuel has had no involvement in the preparation of the Scheme Booklet issued by Amatil and has not verified or approved any of the contents of the Scheme Booklet. Grant Samuel does not accept any responsibility for the contents of the Scheme Booklet (except for this report).

8.3 Independence

Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any business or professional relationship with Amatil, CCEP or TCCC, or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Scheme.

Grant Samuel had no part in the formulation of the CCEP Proposal. Its only role has been the preparation of this report.

Grant Samuel will receive a fixed fee of $1.15 million for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the Scheme. Grant Samuel's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Samuel will receive no other benefit for the preparation of this report.

Grant Samuel considers itself to be independent in terms of Regulatory Guide 112 issued by the ASIC on 30 March 2011.

8.4 Declarations

Amatil has agreed that it will indemnify Grant Samuel and its employees and officers in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity will not apply in respect of the proportion of any liability found by a court to be primarily caused by any conduct involving material breach of its engagement letter, negligence, misconduct or fraud by Grant Samuel. Amatil has also agreed to indemnify Grant Samuel and its employees and officers for reasonable time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person. Any claims by Amatil are limited to an amount equal to the two times the fees paid to Grant Samuel. Where Grant Samuel or its employees and officers are found guilty of material breach of its engagement letter, negligence, misconduct or fraud Grant Samuel shall bear the proportion of such costs caused by its action.

Advance drafts of this report were provided to Amatil and its advisers. Certain changes were made to the drafting of the report as a result of the circulation of the draft report. There was no alteration to the methodology, evaluation or conclusions as a result of issuing the drafts.

8.5 Consents

Grant Samuel consents to the issuing of this report in the form and context in which it is to be included in the Scheme Booklet to be sent to shareholders of Amatil. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Grant Samuel as to the form and context in which it appears.

8.6 Other

The accompanying letter dated 12 March 2021 and the Appendix form part of this report.

Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is set out at the beginning of this report.

GRANT SAMUEL & ASSOCIATES PTY LIMITED

12 March 2021

Grant Samuel & Associates

APPENDIX 1 – BROKER CONSENSUS FORECASTS

Amatil has not publicly released earnings forecasts for FY21 or subsequent years. Accordingly, the prospective multiples implied by the valuation of Amatil in Grant Samuel's report are based on median broker forecasts. Set out below is a summary of forecasts prepared by brokers that follow Amatil in the Australian sharemarket:

AMATIL – BROKER FORECASTS ($ MILLIONS)

BROKER	DATE	TRADING REVENUE		EBITDA		EBIT	
		FY21	FY22	FY21	FY22	FY21	FY22
Broker 1	21 Jan 21	4,604.0	4,877 0	940.0	1,000.0	565.0	607 0
Broker 2	22 Jan 21	5,000.3	5,139 2	998.0	1,061.0	660.2	724 2
Broker 3	22 Jan 21	5,090.1	5,383.1	967.0	1,054.0	628.0	707 0
Broker 4	25 Jan 21	4,999.3	na	999.1	na	629.2	na
Broker 5	25 Jan 21	4,935.6	5,147 2	943.2	1,070.8	599.3	718.4
Broker 6	22 Jan 21	4,904.1	5,062.1	980.6	1,040.6	631.5	680 5
Broker 7	25 Jan 21	5,127.1	5,469.1	1,022.0	1,084.0	681.0	738 0
Broker 8	22 Jan 21	5,011.1	5,254.1	971.0	1,026.0	641.0	690 0
Broker 9	22 Jan 21	4,963.1	5,206.1	902.0	967.0	na	na
Broker 10	22 Jan 21	5,043.5	5,287.4	984.5	1,061.5	645.6	712.6
Broker 11	22 Jan 21	4,972.4	5,132 3	963.1	1,009.9	618.3	668 5
Minimum		*4,604.0*	*4,877.0*	*902.0*	*967.0*	*565.0*	*607.0*
Maximum		*5,127.1*	*5,469.1*	*1,022.0*	*1,084.0*	*681.0*	*738.0*
Median		***4,999.3***	***5,176.7***	***971.0***	***1,047.3***	***630.4***	***707.0***
Share of profit from equity accounted investments		-	-	*(3.0)*	*(3.4)*	*(3.0)*	*(3.4)*
Investment income		-	-	*(1.0)*	*(1.0)*	*(1.0)*	*(1.0)*
Operating median		***4,999.3***	***5,176.7***	***967.0***	***1,042.9***	***626.4***	***702.6***
Reversal of AASB16 impact		-	-	*(92.2)*	*(90.9)*	*(13.0)*	*(11.6)*
Adjusted median		***4,999.3***	***5,176.7***	***874.8***	***952.0***	***613.4***	***691.0***

Source: Broker reports and Grant Samuel analysis

When reviewing this data, the following should be noted:

- the forecasts presented above represent the latest available broker forecasts for Amatil;
- the brokers presented are those who have published research on Amatil following its fourth quarter and FY20 trading update provided on 22 January 2021;
- as far as it is possible to identify from a review of the broker reports, Grant Samuel believes that the forecasts:
  - include share of profit from equity accounted investments and investment income;
  - do not incorporate (or are shown before) any non-trading items; and
  - have been prepared on a post AASB16 basis.

  Grant Samuel has adjusted EBITDA and EBIT to exclude Amatil's forecast and budgeted share of profit from equity accounted investments and investment income to determine comparable operating EBITDA and EBIT (noting that these amounts are included in Amatil's Corporate and Services business operation so do not impact the business operation forecasts shown below). The impact of AASB16 has been reversed based on the adjustment Amatil has made in its FY21 Budget and FY22 Forecast. The impact of AASB16 has been reversed to enable comparison with trading and transaction multiples (which have been calculated on a pre AASB16 basis);

- the majority of brokers forecast trading revenue rather than total revenue. For brokers that have forecast total revenue, Grant Samuel has excluded from total revenue an estimate of other revenue to calculate an estimated trading revenue. This approach has been used for Brokers 3, 5, 7, 8 and 9; and
- none of the brokers have separately identified amortisation of acquired intangible assets. Grant Samuel has not made any adjustment for amortisation of acquired intangible assets on the basis that it is immaterial.

The median broker forecasts are sufficiently close to Amatil's FY21 Budget and FY22 Forecast to be useful for analytical purposes.

Set out below is a summary of forecasts for Amatil's business operations prepared by brokers that follow Amatil in the Australian sharemarket. When reviewing this data, it should be noted (in addition to the points above):

- not all of the brokers that have published research on Amatil since Amatil's trading update on 22 January 2021 provided forecasts of revenue and earnings by business division. Ten of the 11 brokers provided EBIT forecasts by business operation and seven or eight of the 11 brokers provided revenue forecasts by business operation. One broker did not provides forecasts by business operation for FY22;
- none of the brokers provided EBITDA forecasts by business operation. Grant Samuel has allocated the consolidated forecast depreciation and amortisation of each of the brokers between the business divisions in the same proportion as depreciation and amortisation has been forecast by Amatil; and
- the revenue by business operation disclosure for one broker did not add to the consolidated total. Grant Samuel has added the difference to Amatil's Australian business operations.

AUSTRALIA – BROKER FORECASTS ($ MILLIONS)

BROKER	DATE	TRADING REVENUE		EBITDA		EBIT	
		FY21	FY22	FY21	FY22	FY21	FY22
Broker 1	21 Jan 21	2,770.0	2,910.0	528 9	554.9	368.0	390.0
Broker 2	22 Jan 21	3,090.0	3,136.0	587 0	622.3	442.0	481.0
Broker 3	22 Jan 21	3,069.0	3,183.0	560 5	613.6	415.0	468.0
Broker 4	25 Jan 21	3,076.8		591.4		432.7	
Broker 5	25 Jan 21			559 9	616.4	412.3	468.6
Broker 6	22 Jan 21	2,587.0	2,645.0	579 8	612.1	430.0	461.0
Broker 7	25 Jan 21			600.7	630.5	454.4	485 3
Broker 8	22 Jan 21	3,133.0	3,188.0	560.6	583.0	419.0	442.0
Broker 9	22 Jan 21						
Broker 10	22 Jan 21	3,120.4	3,247 8	575.7	616.3	430.3	469 9
Broker 11	22 Jan 21	3,079.4	3,172 3	544 2	560.9	396.2	417.7
Minimum		*2,587.0*	*2,645.0*	*528.9*	*554.9*	*368.0*	*390.0*
Maximum		*3,133.0*	*3,247.8*	*600.7*	*630.5*	*454.4*	*485.3*
Median		***3,078.1***	***3,172.3***	**568.2**	**613.6**	***424.5***	***468.0***
Reversal of AASB16 impact		-	-	*(74.9)*	*(75.1)*	*(11.3)*	*(10.1)*
Adjusted median		***3,078.1***	***3,121.0***	***493.3***	***538.5***	***413.2***	***457.9***

Source: Broker reports and Grant Samuel analysis

The median broker forecasts are sufficiently close to Amatil's FY21 Budget and FY22 Forecast for its Australian business operations to be useful for analytical purposes.

PACIFIC – BROKER FORECASTS ($ MILLIONS)

BROKER	DATE	TRADING REVENUE		EBITDA		EBIT	
		FY21	FY22	FY21	FY22	FY21	FY22
Broker 1	21 Jan 21	798.0	846 0	196.0	209.8	138.0	146 0
Broker 2	22 Jan 21	832.0	786 0	187.3	184.7	135.0	130 0
Broker 3	22 Jan 21	870.0	937 0	194.4	208.3	142.0	152 0
Broker 4	25 Jan 21	831.9		183.2		126.0	
Broker 5	25 Jan 21			192.6	212.7	139.4	155 5
Broker 6	22 Jan 21			199.0	209.5	145.0	151 0
Broker 7	25 Jan 21			206.6	213.8	153.9	157.6
Broker 8	22 Jan 21	868.0	881 0	193.0	200.6	142.0	146 0
Broker 9	22 Jan 21						
Broker 10	22 Jan 21	853.7	888.1	190.3	201.5	137.9	144 8
Broker 11	22 Jan 21	870.4	914 8	192.2	199.6	138.9	144 2
Minimum		*798.0*	*786.0*	*183.2*	*184.7*	*126.0*	*130.0*
Maximum		*870.4*	*937.0*	*206.6*	*213.8*	*153.9*	*157.6*
Median		***853.7***	***884.6***	***192.8***	***208.3***	***139.2***	***146.0***
Reversal of AASB16 impact		-	-	*(14.2)*	*(12.8)*	*(1.0)*	*(0.9)*
Adjusted median		***853.7***	***884.6***	***178.6***	***195.5***	***138.2***	***145.1***

Source: Broker reports and Grant Samuel analysis

The median broker forecasts are sufficiently close to Amatil's FY21 Budget and FY22 Forecast for the Pacific region to be useful for analytical purposes.

INDONESIA AND PAPUA NEW GUINEA – BROKER FORECASTS ($ MILLIONS)

BROKER	DATE	TRADING REVENUE		EBITDA		EBIT	
		FY21	FY22	FY21	FY22	FY21	FY22
Broker 1	21 Jan 21	985.0	1,075 0	146.0	169.7	69.0	86 0
Broker 2	22 Jan 21	1,019.0	1,157 0	158.4	191.7	89.0	120 0
Broker 3	22 Jan 21	1,092.0	1,202 0	149.6	172.9	80.0	99 0
Broker 4	25 Jan 21	1,033.6		156.5		80.5	
Broker 5	25 Jan 21			125.0	174.3	54.4	99 3
Broker 6	22 Jan 21	926.0	972 0	140.7	157.7	69.0	81 0
Broker 7	25 Jan 21			149.4	175.7	79.4	102 0
Broker 8	22 Jan 21	951.0	1,127 0	150.8	176.5	83.0	105 0
Broker 9	22 Jan 21						
Broker 10	22 Jan 21	1,011.3	1,092 2	150.7	176.0	81.1	101.7
Broker 11	22 Jan 21	964.4	985 8	156.8	182.3	86.0	109.6
Minimum		*926.0*	*972.0*	*125.0*	*157.7*	*54.4*	*81.0*
Maximum		*1,092.0*	*1,202.0*	*158.4*	*191.7*	*89.0*	*120.0*
Median		***998.2***	***1,092.2***	***150.2***	***175.7***	***80.3***	***101.7***
Reversal of AASB16 impact		-	-	*(3.2)*	*(3.0)*	*(0.6)*	*(0.6)*
Adjusted median		***998.2***	***1,092.2***	***147.0***	***172.7***	***79.7***	***101.1***

Source: Broker reports and Grant Samuel analysis

The median broker forecasts are sufficiently close to Amatil's FY21 Budget and FY22 Forecast for its business in Indonesia and Papua New Guinea to be useful for analytical purposes.

HERBERT SMITH FREEHILLS

Scheme of arrangement – share scheme

Coca-Cola Amatil Limited

Scheme Shareholders

ANZ Tower 161 Castlereagh Street Sydney NSW 2000 Australia
GPO Box 4227 Sydney NSW 2001 Australia

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HERBERT SMITH FREEHILLS

Scheme of arrangement – share scheme

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth)

Between the parties

Amatil	**Coca-Cola Amatil Limited** ACN 004 139 397 of Level 13, 40 Mount Street, North Sydney, NSW 2060
Scheme Shareholders	Each holder of Amatil Shares recorded in the Amatil Share Register as at the Scheme Record Date (other than an Excluded Shareholder)

1 Definitions, interpretation and scheme components

1.1 Definitions

Schedule 1 contains definitions used in this Scheme.

1.2 Interpretation

Schedule 1 contains interpretation rules for this Scheme.

1.3 Scheme components

This Scheme includes any schedule to it.

2 Preliminary matters

(a) Amatil is a public company limited by shares, registered in New South Wales, Australia, and has been admitted to the official list of the ASX. Amatil Shares are quoted for trading on the ASX.

(b) As at the date of the Implementation Deed, 723,999,699 Amatil Shares were on issue.

(c) CCEP is a public company limited by shares registered in England and Wales, United Kingdom.

(d) CCEP Sub, a wholly-owned Subsidiary of CCEP, is a proprietary company limited by shares registered in New South Wales, Australia.

(e) If this Scheme becomes Effective:

(1) in consideration of the transfer of each Scheme Share to CCEP Sub, CCEP Sub must provide the Scheme Consideration to the Scheme Shareholders in accordance with the terms of this Scheme and the Deed Poll; and

(2) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, must be transferred to CCEP Sub and Amatil will enter the name of CCEP Sub in the Amatil Share Register in respect of the Scheme Shares.

(f) Amatil, CCEP and CCEP Sub have agreed, by executing the Implementation Deed, to implement this Scheme (among other things).

(g) This Scheme attributes actions to CCEP and CCEP Sub but does not itself impose an obligation on them to perform those actions. CCEP and CCEP Sub have agreed, by executing the Deed Poll, to perform the actions attributed to them under this Scheme, including the provision of the Scheme Consideration to the Scheme Shareholders.

3 Conditions

3.1 Conditions precedent

This Scheme is conditional on and will have no force or effect until, the satisfaction of each of the following conditions precedent:

(a) all the conditions in clause 3.1 of the Implementation Deed (other than the condition in the Implementation Deed relating to Court approval of this Scheme) having been satisfied or waived in accordance with the terms of the Implementation Deed by 8.00am on the Second Court Date;

(b) neither the Implementation Deed nor the Deed Poll having been terminated in accordance with their terms before 8.00am on the Second Court Date;

(c) approval of this Scheme by the Court under paragraph 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by CCEP and Amatil;

(d) subject to clause 8.1, such other conditions made or required by the Court under subsection 411(6) of the Corporations Act in relation to this Scheme and agreed to by CCEP and Amatil having been satisfied or waived; and

(e) the orders of the Court made under paragraph 411(4)(b) (and, if applicable, subsection 411(6)) of the Corporations Act approving this Scheme coming into effect, pursuant to subsection 411(10) of the Corporations Act, on or before the End Date.

3.2 Certificate

(a) Amatil and CCEP will provide to the Court on the Second Court Date a certificate (signed for and behalf of Amatil, CCEP and CCEP Sub respectively), or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in clauses 3.1(a) and 3.1(b) have been satisfied or waived.

(b) The certificate referred to in clause 3.2(a) constitutes conclusive evidence that such conditions precedent were satisfied, waived or taken to be waived.

3.3 End Date

This Scheme will lapse and be of no further force or effect if:

(a) the Effective Date does not occur on or before the End Date; or

(b) the Implementation Deed or the Deed Poll is terminated in accordance with its terms,

unless Amatil and CCEP otherwise agree in writing.

4 Implementation of this Scheme

4.1 Lodgement of Court orders with ASIC

Amatil must lodge with ASIC, in accordance with subsection 411(10) of the Corporations Act, an office copy of the Court order approving this Scheme as soon as possible after the Court approves this Scheme and in any event by 5.00pm on the first Business Day after the day on which the Court approves this Scheme.

4.2 Transfer of Scheme Shares

On the Implementation Date:

(a) subject to the provision of the Scheme Consideration in the manner contemplated by clause 5.1(c), the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, must be transferred to CCEP Sub, without the need for any further act by any Scheme Shareholder (other than acts performed by Amatil as attorney and agent for Scheme Shareholders under clause 8.5), by:

(1) Amatil delivering to CCEP Sub a duly completed Scheme Transfer, executed on behalf of the Scheme Shareholders by Amatil as attorney and agent, for registration; and

(2) CCEP Sub duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to Amatil for registration; and

(b) immediately following receipt of the Scheme Transfer in accordance with clause 4.2(a)(2), but subject to the stamping of the Scheme Transfer (if required), Amatil must enter, or procure the entry of, the name of CCEP Sub in the Amatil Share Register in respect of all the Scheme Shares transferred to CCEP Sub in accordance with this Scheme.

5 Scheme Consideration

5.1 Provision of Scheme Consideration

(a) CCEP Sub must, and Amatil must use its best endeavours to procure that CCEP Sub does, by no later than the Business Day before the Implementation Date, deposit, or procure the deposit, in cleared funds an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme

Shareholders, into an Australian dollar denominated trust account operated by Amatil as trustee for the Scheme Shareholders, (provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to CCEP Sub's account).

(b) In the event that CCEP Sub will not or does not fulfil its obligations under clause 5.1(a), CCEP must, and Amatil must use its best endeavours to procure that CCEP does, perform those obligations as if the references to CCEP Sub in clause 5.1(a) were references to CCEP.

(c) On the Implementation Date, subject to funds having been deposited in accordance with clause 5.1(a) or clause 5.1(b) (as applicable), Amatil must pay or procure the payment of the Scheme Consideration to each Scheme Shareholder from the trust account referred to in clause 5.1(a).

(d) The obligations of Amatil under clause 5.1(c) will be satisfied by Amatil (in its absolute discretion, and despite any election referred to in clause 5.1(d)(1) or authority referred to in clause 5.1(d)(2) made or given by the Scheme Shareholder):

(1) if a Scheme Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the Amatil Registry to receive dividend payments from Amatil by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election;

(2) paying, or procuring the payment of, the relevant amount in Australian currency by electronic means to a bank account nominated by the Scheme Shareholder by an appropriate authority from the Scheme Shareholder to Amatil; or

(3) dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Shareholder by prepaid post to their Registered Address (as at the Scheme Record Date), such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 5.2).

(e) To the extent that, following satisfaction of Amatil's obligations under clause 5.1(c), there is a surplus in the amount held by Amatil as trustee for the Scheme Shareholders in the trust account referred to in that clause, that surplus may be paid by Amatil to CCEP Sub.

5.2 Joint holders

In the case of Scheme Shares held in joint names:

(a) subject to clause 5.1(d), the Scheme Consideration is payable to the joint holders and any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to either, at the sole discretion of Amatil, the holder whose name appears first in the Amatil Share Register as at the Scheme Record Date or to the joint holders (unless the joint holders have nominated a bank account under clauses 5.1(d)(1) or 5.1(d)(2), in which case the amount must be deposited directly to the nominated bank account of the joint holders); and

(b) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Amatil, the holder whose name appears first in the Amatil Share Register as at the Scheme Record Date or to the joint holders.

5.3 Unclaimed monies

(a) Amatil may cancel a cheque issued under this clause 5 if the cheque:

(1) is returned to Amatil; or

(2) has not been presented for payment within six months after the date on which the cheque was sent.

(b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Amatil (or the Amatil Registry) (which request may not be made until the date which is 30 Business Days after the Implementation Date), Amatil must reissue a cheque that was previously cancelled under this clause 5.3.

(c) The *Unclaimed Money Act 1995* (NSW) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 7 of the *Unclaimed Money Act 1995* (NSW)).

5.4 Fractional entitlements

Where the calculation of the Scheme Consideration to be provided to a particular Scheme Shareholder would result in the Scheme Shareholder becoming entitled to a fraction of a cent, that fractional entitlement will be rounded down to the nearest whole cent.

5.5 Orders of a court or Government Agency

If written notice is given to Amatil (or the Amatil Registry), CCEP, or CCEP Sub, of an order or direction made by a court of competent jurisdiction or by another Government Agency that:

(a) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable or required to be issued to that Scheme Shareholder by Amatil in accordance with this clause 5, then Amatil shall be entitled to procure that provision of that consideration is made in accordance with that order or direction; or

(b) prevents Amatil from providing consideration to any particular Scheme Shareholder in accordance with this clause 5, or the payment or issuance of such consideration is otherwise prohibited by applicable law, Amatil shall be entitled to (as applicable) retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Scheme Consideration until such time as provision of the Scheme Consideration in accordance with this clause 5 is permitted by that (or another) order or direction or otherwise by law.

6 Dealings in Amatil Shares

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Amatil Shares or other alterations to the Amatil Share Register will only be recognised if:

(a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Amatil Share Register as the holder of the relevant Amatil Shares before the Scheme Record Date; and

(b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received before the Scheme Record Date at the place where the Amatil Share Register is kept,

and Amatil must not accept for registration, nor recognise for any purpose (except a transfer to CCEP Sub pursuant to this Scheme and any subsequent transfer by CCEP Sub or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Register

(a) Amatil must register registrable transmission applications or transfers of the Scheme Shares that are received in accordance with clause 6.1(b) before the Scheme Record Date provided that, for the avoidance of doubt, nothing in this clause 6.2(a) requires Amatil to register a transfer that would result in a Amatil Shareholder holding a parcel of Amatil Shares that is less than a 'marketable parcel' (for the purposes of this clause 6.2(a) 'marketable parcel' has the meaning given in the Operating Rules).

(b) If this Scheme becomes Effective, a Scheme Shareholder (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them on or after the Scheme Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and Amatil shall be entitled to disregard any such disposal, purported disposal or agreement.

(c) For the purpose of determining entitlements to the Scheme Consideration, Amatil must maintain the Amatil Share Register in accordance with the provisions of this clause 6.2 until the Scheme Consideration has been paid to the Scheme Shareholders. The Amatil Share Register in this form will solely determine entitlements to the Scheme Consideration.

(d) All statements of holding for Amatil Shares (other than statements of holding in favour of CCEP Sub or any Excluded Shareholders) will cease to have effect after the Scheme Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the Amatil Share Register (other than entries on the Amatil Share Register in respect of CCEP Sub or any Excluded Shareholder) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Amatil Shares relating to that entry.

(e) As soon as possible on or after the Scheme Record Date, and in any event by 5.00pm on the first Business Day after the Scheme Record Date, Amatil will ensure that details of the names, Registered Addresses and holdings of Amatil Shares for each Scheme Shareholder as shown in the Amatil Share Register are available to CCEP Sub in the form CCEP Sub reasonably requires.

7 Quotation of Amatil Shares

(a) Amatil must apply to ASX to suspend trading on the ASX in Amatil Shares with effect from the close of trading on the Effective Date.

(b) On a date after the Implementation Date to be determined by CCEP, Amatil must apply:

(1) for termination of the official quotation of Amatil Shares on the ASX; and

(2) to have itself removed from the official list of the ASX.

8 General Scheme provisions

8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

(a) Amatil may, by its counsel, consent on behalf of all persons concerned to those alterations or conditions to which CCEP has consented; and

(b) each Scheme Shareholder agrees to any such alterations or conditions which Amatil has consented to.

8.2 Scheme Shareholders' agreements and warranties

(a) Each Scheme Shareholder:

(1) agrees to the transfer of their Amatil Shares together with all rights and entitlements attaching to those Amatil Shares in accordance with this Scheme;

(2) agrees to the variation, cancellation or modification of the rights attached to their Amatil Shares constituted by or resulting from this Scheme;

(3) agrees to, on the direction of CCEP Sub, destroy any holding statements or share certificates relating to their Amatil Shares;

(4) who holds their Amatil Shares in a CHESS Holding agrees to the conversion of those Amatil Shares to an Issuer Sponsored Holding and irrevocably authorises Amatil to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such conversion; and

(5) acknowledges and agrees that this Scheme binds Amatil and all Scheme Shareholders (including those who do not attend the Scheme Meeting and those who do not vote, or vote against this Scheme, at the Scheme Meeting).

(b) Each Scheme Shareholder is taken to have warranted to Amatil and CCEP Sub on the Implementation Date, and appointed and authorised Amatil as its attorney and agent to warrant to CCEP Sub on the Implementation Date, that:

(1) all their Amatil Shares (including any rights and entitlements attaching to those shares) which are transferred under this Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their Amatil Shares to CCEP Sub together with any rights and entitlements

attaching to those shares. Amatil undertakes that it will provide such warranty to CCEP Sub as agent and attorney of each Scheme Shareholder; and

(2) they have no existing right to be issued any Amatil Shares, Amatil Equity Incentives, or any other Amatil equity securities. Amatil undertakes that it will provide such warranty to CCEP Sub as agent and attorney of each Scheme Shareholder.

8.3 Title to and rights in Scheme Shares

(a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to CCEP Sub will, at the time of transfer of them to CCEP Sub, vest in CCEP Sub free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.

(b) Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5.1, CCEP Sub will be beneficially entitled to the Scheme Shares to be transferred to it under this Scheme pending registration by Amatil of CCEP Sub in the Amatil Share Register as the holder of the Scheme Shares.

8.4 Appointment of sole proxy

Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5.1(c), and until Amatil registers CCEP Sub as the holder of all Scheme Shares in the Amatil Share Register, each Scheme Shareholder:

(a) is deemed to have appointed CCEP Sub as attorney and agent (and directed CCEP Sub in each such capacity) to appoint any director, officer, secretary or agent nominated by CCEP Sub as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution or document;

(b) must not attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 8.4(a));

(c) must take all other actions in the capacity of a registered holder of Scheme Shares as CCEP Sub reasonably directs; and

(d) acknowledges and agrees that in exercising the powers referred to in clause 8.4(a), CCEP Sub and any director, officer, secretary or agent nominated by CCEP Sub under clause 8.4(a) may act in the best interests of CCEP Sub as the intended registered holder of the Scheme Shares.

8.5 Authority given to Amatil

Each Scheme Shareholder, without the need for any further act:

(a) on the Effective Date, irrevocably appoints Amatil and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing the Deed Poll against CCEP and CCEP Sub, and Amatil undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against CCEP and CCEP Sub on behalf of and as agent and attorney for each Scheme Shareholder; and

(b) on the Implementation Date, irrevocably appoints Amatil and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Transfer,

and Amatil accepts each such appointment. Amatil as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.5 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).

8.6 Binding effect of Scheme

This Scheme binds Amatil and all of the Scheme Shareholders (including those who did not attend the Scheme Meeting to vote on this Scheme, did not vote at the Scheme Meeting, or voted against this Scheme at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Amatil.

9 General

9.1 Stamp duty

(a) CCEP Sub will:

(1) pay all stamp duty and any related fines and penalties payable on or in connection with the transfer by the Scheme Shareholders of the Scheme Shares to CCEP Sub pursuant to this Scheme or the Deed Poll; and

(2) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 9.1(a)(1),

(b) In the event that CCEP Sub will not or does not fulfil its obligations under clause 9.1(a), CCEP will:

(1) perform those obligations; and

(2) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 9.1(b)(1).

9.2 Consent

Each of the Scheme Shareholders consents to Amatil doing all things necessary or incidental to, or to give effect to, the implementation of this Scheme, whether on behalf of the Scheme Shareholders, Amatil or otherwise.

9.3 Notices

(a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Amatil, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Amatil's registered office or at the office of the Amatil Registry.

(b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by an Amatil Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.4 Governing law

(a) This Scheme is governed by the laws in force in New South Wales, Australia.

(b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales, Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

9.5 Further action

Amatil must do all things and execute all documents necessary to give full effect to this Scheme and the transactions contemplated by it.

9.6 No liability when acting in good faith

Each Scheme Shareholder agrees that neither Amatil, CCEP nor CCEP Sub nor any director, officer, secretary or employee of Amatil, CCEP, or CCEP Sub, shall be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

HERBERT SMITH FREEHILLS

Schedule 1

Definitions and interpretation

1 Definitions

The meanings of the terms used in this Scheme are set out below.

Term	Meaning
Amatil	Coca-Cola Amatil Limited ACN 004 139 397.
Amatil Group	Amatil and each of its Subsidiaries, and a reference to an **Amatil Group Member** or a **member of the Amatil Group** is to Amatil or any of its Subsidiaries.
Amatil Equity Incentive	any rights to Amatil Shares issued under employee incentive arrangements of the Amatil Group.
Amatil Registry	Link Market Services Limited ABN 54 083 214 537.
Amatil Share	a fully paid ordinary share in the capital of Amatil.
Amatil Shareholder	each person who is registered as the holder of a Amatil Share in the Amatil Share Register.
Amatil Share Register	the register of members of Amatil maintained in accordance with the Corporations Act.
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
Business Day	a day that is not a Saturday, Sunday or a public holiday or bank holiday in Sydney, Australia.

Term	Meaning
CCEP	Coca-Cola European Partners plc registered in England and Wales under number 09717350 of Pemberton House, Bakers Road, Uxbridge, UB8 1EZ, United Kingdom.
CCEP Group	CCEP and each of its Subsidiaries and a reference to a **CCEP Group Member** or **a member of the CCEP Group** is to CCEP or any of its Subsidiaries.
CCEP Sub	CCEP Australia Pty Ltd registered in New South Wales, Australia under ACN 645 548 634 of c/- Level 17, 8 Chifley, 8-12 Chifley Square, Sydney NSW 2000, being a wholly owned Subsidiary of CCEP.
CHESS	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.
CHESS Holding	has the meaning given in the Settlement Rules.
Corporations Act	the *Corporations Act 2001* (Cth), as modified or varied by ASIC.
Court	the Supreme Court of New South Wales, or such other court of competent jurisdiction under the Corporations Act agreed to in writing by CCEP and Amatil.
Deed Poll	the deed poll substantially in the form of Attachment 1 under which CCEP and CCEP Sub each covenant in favour of the Scheme Shareholders to perform the obligations attributed to CCEP and CCEP Sub under this Scheme.
Effective	when used in relation to this Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the Court order made under paragraph 411(4)(b) of the Corporations Act in relation to this Scheme.
Effective Date	the date on which this Scheme becomes Effective.
End Date	1 30 September 2021; or 2 such other date as agreed in writing by the parties.
Excluded Shareholder	any Amatil Shareholder who:

Term	Meaning
	1 is a member of the CCEP Group or any Amatil Shareholder who holds any Amatil Shares on behalf of, or for the benefit of, any member of the CCEP Group and does not hold Amatil Shares on behalf of, or for the benefit of, any other person; or 2 is a member of the TCCC Group, including Coca-Cola Holdings (Overseas) Limited, or any Amatil Shareholder who holds any Amatil Shares on behalf of, or for the benefit of, any member of the TCCC Group, including Coca-Cola Holdings (Overseas) Limited, and does not hold Amatil Shares on behalf of, or for the benefit of, any other person, in each case, at the Scheme Record Date.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian.
Implementation Date	the fifth Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as the parties agree in writing.
Implementation Deed	the scheme implementation deed dated 4 November 2020 between Amatil, CCEP and CCEP Sub relating to the implementation of this Scheme.
Issuer Sponsored Holding	has the meaning given in the Settlement Rules.
Listing Rules	the official listing rules of ASX.
Operating Rules	the official operating rules of ASX.
Registered Address	in relation to a Amatil Shareholder, the address shown in the Amatil Share Register as at the Scheme Record Date.
Scheme	this scheme of arrangement under Part 5.1 of the Corporations Act between Amatil and the Scheme Shareholders subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by Amatil and CCEP.

Term	Meaning
Scheme Consideration	the consideration to be provided by CCEP Sub to each Scheme Shareholder for the transfer to CCEP Sub of each Scheme Share, being for each Amatil Share held by a Scheme Shareholder as at the Scheme Record Date, an amount of $13.50, subject to the terms of this Scheme and subject to and as adjusted in accordance with clause 4.3 of the Implementation Deed (if applicable).
Scheme Meeting	the meeting of the Amatil Shareholders (other than Excluded Shareholders) ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Record Date	7.00pm on the fifth Business Day after the Effective Date or such other date as agreed in writing by Amatil and CCEP.
Scheme Shareholder	a holder of Amatil Shares recorded in the Amatil Share Register as at the Scheme Record Date (other than an Excluded Shareholder).
Scheme Shares	all Amatil Shares held by the Scheme Shareholders as at the Scheme Record Date, but for the avoidance of doubt does not include the TCCC Shares.
Scheme Transfer	a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of CCEP Sub as transferee, which may be a master transfer of all or part of the Scheme Shares.
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving this Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.
Settlement Rules	the ASX Settlement Operating Rules, being the official operating rules of the settlement facility provided by ASX Settlement Pty Ltd.
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.
TCCC Shares	the 223,049,276 Amatil Shares in respect of which Coca-Cola Holdings (Overseas) Limited is the registered holder.

Term	Meaning
TCCC Group	The Coca-Cola Company (a corporation organised and existing under the laws of the state of Delaware, United States of America) and each of its Subsidiaries and Related Bodies Corporate, and a reference to a **TCCC Group Member** or a **member of the TCCC Group** is to TCCC or any of its Subsidiaries or Related Bodies Corporate.

2 Interpretation

In this Scheme:

(a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme;

(b) the singular includes the plural and the plural includes the singular;

(c) words of any gender include all genders;

(d) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;

(e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;

(f) a reference to a clause, party, schedule, attachment or exh bit is a reference to a clause of, and a party, schedule, attachment or exhibit to, this Scheme;

(g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or reenactments of any of them (whether passed by the same or another Government Agency with legal power to do so);

(h) a reference to a document (including this Scheme) includes all amendments or supplements to, or replacements or novations of, that document;

(i) a reference to '$', 'A$' or 'dollar' is to Australian currency;

(j) a reference to any time is, unless otherwise indicated, a reference to that time in Sydney, Australia;

(k) a term defined in or for the purposes of the Corporations Act, and which is not defined in clause 1 of this Schedule 1, has the same meaning when used in this Scheme;

(l) a reference to a party to a document includes that party's successors and permitted assignees;

(m) no provision of this Scheme will be construed adversely to a party because that party was responsible for the preparation of this Scheme or that provision;

(n) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;

(o) a reference to a body, other than a party to this Scheme (including an institute, association or authority), whether statutory or not:

(1) which ceases to exist; or

(2) whose powers or functions are transferred to another body,

is a reference to the body which replaces it or which substantially succeeds to its powers or functions;

(p) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;

(q) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;

(r) if an act prescribed under this Scheme to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day; and

(s) a reference to the Listing Rules, Settlement Rules, and the Operating Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

3 Interpretation of inclusive expressions

Specifying anything in this Scheme after the words ’include’ or ‘for example’ or similar expressions does not limit what else is included.

4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

HERBERT
SMITH
FREEHILLS

Deed

Share scheme deed poll

Coca-Cola European Partners plc

CCEP Australia Pty Ltd

ANZ Tower 161 Castlereagh Street Sydney NSW 2000 Australia
GPO Box 4227 Sydney NSW 2001 Australia

T +61 2 9225 5000 **F** +61 2 9322 4000
herbertsmithfreehills com DX 361 Sydney

HERBERT SMITH FREEHILLS

Share scheme deed poll

Date 10 March 2021

This deed poll is made

By	**Coca-Cola European Partners plc** Registered in England and Wales under number 09717350 of Pemberton House, Bakers Road, Uxbridge, UB8 1EZ, United Kingdom (**CCEP**) and **CCEP Australia Pty Ltd** ACN 645 548 634 of c/- Level 17, 8 Chifley, 8-12 Chifley Square, Sydney NSW 2000 (**CCEP Sub**)
in favour of	each person registered as a holder of fully paid ordinary shares in Coca-Cola Amatil Limited (**Amatil**) in the Amatil Share Register as at the Scheme Record Date (other than the Excluded Shareholders).
Recitals	1 Amatil, CCEP and CCEP Sub have entered into the Implementation Deed. 2 In the Implementation Deed, CCEP and CCEP Sub agreed to make this deed poll. 3 CCEP and CCEP Sub are making this deed poll for the purpose of covenanting in favour of the Scheme Shareholders to perform their obligations under the Implementation Deed and the Scheme.

This deed poll provides as follows:

1 Definitions and interpretation

1.1 Definitions

(a) The meanings of the terms used in this deed poll are set out below.

Term	Meaning
Amatil	Coca-Cola Amatil Limited ACN 004 139 397.
First Court Date	the first day on which an application made to the Court for an order under subsection 411(1) of the Corporations Act convening the Scheme Meeting is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.
Implementation Deed	the scheme implementation deed entered into by Amatil, CCEP and CCEP Sub dated 4 November 2020.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Amatil and the Scheme Shareholders, substantially in the form set out in Attachment 1, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by CCEP and Amatil.

(b) Unless the context otherwise requires, terms defined in the Scheme have the same meaning when used in this deed poll.

1.2 Interpretation

Sections 2, 3 and 4 of Schedule 1 of the Scheme apply to the interpretation of this deed poll, except that references to 'this Scheme' are to be read as references to 'this deed poll'.

1.3 Nature of deed poll

CCEP and CCEP Sub acknowledge that:

(a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and

(b) under the Scheme, each Scheme Shareholder irrevocably appoints Amatil and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this deed poll against CCEP and CCEP Sub.

2 Conditions to obligations

2.1 Conditions

This deed poll and the obligations of CCEP and CCEP Sub under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of CCEP and CCEP Sub under this deed poll to the Scheme Shareholders will automatically terminate and the terms of this deed poll will be of no force or effect if:

(a) the Implementation Deed is terminated in accordance with its terms; or

(b) the Scheme is not Effective on or before the End Date,

unless CCEP, CCEP Sub and Amatil otherwise agree in writing.

2.3 Consequences of termination

If this deed poll terminates under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to it:

(a) CCEP and CCEP Sub are released from their obligations to further perform this deed poll; and

(b) each Scheme Shareholder retains the rights they have against CCEP and CCEP Sub in respect of any breach of this deed poll which occurred before it was terminated.

3 Scheme obligations

3.1 Undertaking to be bound by the Scheme

Subject to clause 2, each of CCEP and CCEP Sub covenants in favour of each Scheme Shareholder that it will be bound by the terms of the Scheme as if it were a party to the Scheme and undertakes to perform all obligations and actions attributed to it under the Scheme, subject to and in accordance with the Scheme.

3.2 Undertaking to be bound by the Implementation Deed

Each of CCEP and CCEP Sub covenants in favour of each Scheme Shareholder to observe and perform all obligations and actions attributed to each of them under the Implementation Deed, subject to and in accordance with the terms of the Implementation Deed.

3.3 Undertaking to pay Scheme Consideration

Subject to clause 2:

(a) CCEP Sub undertakes in favour of each Scheme Shareholder to deposit, or procure the deposit of, in cleared funds, by no later than the Business Day before the Implementation Date, an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders under the Scheme into an Australian dollar denominated trust account operated by Amatil as trustee for the Scheme Shareholders, except that any interest on the amounts deposited (less bank fees and other charges) will be credited to CCEP Sub's account;

(b) CCEP undertakes in favour of each Scheme Shareholder that, in the event CCEP Sub will not or does not fulfil its obligations under clause 3.3(a), CCEP will perform those obligations as if the references to CCEP Sub in clause 3.3(a) were references to CCEP; and

(c) each of CCEP and CCEP Sub undertakes in favour of each Scheme Shareholder to undertake all other actions, and give each acknowledgement, representation and warranty (if any), attr buted to each of them under the Scheme,

subject to and in accordance with the terms of the Scheme.

4 Warranties

Each of CCEP and CCEP Sub represents and warrants in favour of each Scheme Shareholder, in respect of itself, that:

(a) it is a validly existing corporation registered under the laws of its place of incorporation;

(b) it has full capacity, corporate power and lawful authority to execute, deliver and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;

(c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;

(d) this deed poll is valid and binding on it and enforceable against it in accordance with its terms; and

(e) this deed poll does not conflict with, or result in the breach of or default under, any provision of its constitution or articles of association, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.

5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

(a) CCEP and CCEP Sub have fully performed their obligations under this deed poll; or

(b) the earlier termination of this deed poll under clause 2.

6 Notices

6.1 Form of Notice

A notice or other communication in respect of this deed poll (**Notice**) must be:

(a) in writing and in English and signed by or on behalf of the sending party; and

(b) addressed to CCEP and CCEP Sub in accordance with the details set out below (or any alternative details nominated by CCEP or CCEP Sub by Notice).

Attention	Clare Wardle, General Counsel and Company Secretary
Address	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ, United Kingdom
Email address	clare.wardle@ccep.com copy to: Sandy Mak, Partner sandy.mak@corrs.com.au Adam Foreman, Partner adam.foreman@corrs.com.au

6.2 How Notice must be given and when Notice is received

(a) A Notice must be given by one of the methods set out in the table below.

(b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (**business hours period**), in the place nominated by the addressee as its address in clause 6.1(b), then the Notice will instead be regarded as given and received at the start of the following business hours period in that place.

Method of giving Notice	**When Notice is regarded as given and received**
By hand to the nominated address	When delivered to the nominated address
By express post to the nominated address	At 9.00am (addressee's time) on the fourth Business Day after the date of posting

By email to the nominated email address	The earlier of: 1 when the recipient's email server generates a message to the sender confirming that the email has been delivered to that server ("**delivery receipt**"), or at the time that the recipient "read" the email as stated in an automated message received by the sender ("**read receipt**"); 2 the time that the recipient confirms receipt of the email by reply email to the sender; and 3 four hours after the time the email is sent (as recorded on the device from which the sender sent the email) unless the sender receives, within that four hour period, an automated message that the email has not been delivered.

6.3 Notice must not be given by electronic communication

A Notice must not be given by electronic means of communication (other than email as permitted in clause 6.2).

7 General

7.1 Stamp duty

(a) CCEP Sub will:

(1) pay all stamp duty and any related fines and penalties payable on or in connection with the transfer by the Scheme Shareholders of the Scheme Shares to CCEP Sub pursuant to the Scheme; and

(2) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 7.1(a)(1).

(b) In the event that CCEP Sub will not or does not fulfil its obligations under clause 7.1(a), CCEP will:

(1) perform those obligations; and

(2) indemnify each Scheme Shareholder against liability arising from failure to comply with clause 7.1(b)(1)

7.2 Governing law and jurisdiction

(a) This deed poll is governed by the law in force in New South Wales, Australia.

(b) CCEP and CCEP Sub irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales, Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed poll. CCEP and CCEP Sub irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

7.3 Waiver

(a) CCEP and CCEP Sub may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver. A waiver is limited to the specific instance to which it relates and to the specific purpose for which it is given.

(b) No Scheme Shareholder may rely on words or conduct of CCEP or CCEP Sub as a waiver of any right unless the waiver is in writing and signed by CCEP or CCEP Sub, as appropriate. A waiver is limited to the specific instance to which it relates and to the specific purpose for which it is given.

(c) The meanings of the terms used in this clause 7.3 are set out below.

Term	Meaning
conduct	includes delay in the exercise of a right.
right	any right arising under or in connection with this deed poll and includes the right to rely on this clause.
waiver	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

7.4 Variation

A provision of this deed poll may not be varied unless:

(a) if before the First Court Date, the variation is agreed to by Amatil in writing; or

(b) if on or after the First Court Date, the variation is agreed to by Amatil in writing and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event CCEP and CCEP Sub will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

7.5 Cumulative rights

The rights, powers and remedies of CCEP, CCEP Sub and the Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

7.6 Assignment

(a) The rights created by this deed poll are personal to CCEP, CCEP Sub and each Scheme Shareholder and must not be dealt with at law or in equity without the prior written consent of CCEP or CCEP Sub.

(b) Any purported dealing in contravention of clause 7.6(a) is invalid.

7.7 Joint and several obligations

CCEP and CCEP Sub are jointly and severally liable for each obligation imposed on both of them by the terms of this deed poll.

7.8 Further action

CCEP and CCEP Sub must, at their own expense, do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.

HERBERT
SMITH
FREEHILLS

Attachment 1

Scheme

Attached

HERBERT SMITH FREEHILLS

Signing page

Executed as a deed poll

Signed sealed and delivered by **Coca-Cola European Partners plc** in the presence of

Seal

sign here ▶	Authorised signatory	sign here ▶	Witness
print name	DAMIAN GAMMELL	print name	CLARE WARDLE
sign here ▶	Authorised signatory	sign here ▶	Witness
print name	CLARE WARDLE	print name	JANE WANG

Signed sealed and delivered by **CCEP Australia Pty Ltd** by

sign here ▶	Company Secretary/Director	sign here ▶	Director
print name	PAUL VAN REESCH	print name	KATHLEEN VEIRMAN

3452-1558-0689v1189444433

ANNEXURE 4 – NOTICE OF SCHEME MEETING

Coca-Cola Amatil Limited ABN 26 004 139 397 (**Amatil**)

Notice is hereby given that, by an order of the Supreme Court of New South Wales made on 12 March 2021, pursuant to subsection 411(1) of the Corporations Act, a meeting of Independent Amatil Shareholders will be held at 10.00am (Sydney time) on Friday, 16 April 2021.

In the interests of the health and safety of shareholders, employees and other stakeholders in the context of the coronavirus (COVID-19) pandemic, including the restrictions on physical gatherings, the Scheme Meeting will be held virtually. Independent Amatil Shareholders and their authorised proxies, attorneys and corporate representatives may attend and participate in the Scheme Meeting online at https://agmlive.link/CCLSM21. Independent Amatil Shareholders who participate in the Scheme Meeting via the online platform will be able to watch the Scheme Meeting, cast an online vote and ask questions online in real time.

Further details on how to participate in the Scheme Meeting via the online platform are set out in the explanatory notes that accompany and form part of this Notice of Scheme Meeting and in the Scheme Meeting Online Guide.

Purpose of the Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without amendment or any alterations or conditions required by the Court to which Amatil and CCEP agree) proposed to be made between Independent Amatil Shareholders and Amatil (**Scheme**). A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet, of which this notice forms part. Additional information about the Scheme Meeting is set out in the explanatory notes that accompany and form part of this notice. Capitalised terms used but not defined in this notice have the defined meanings set out in section 11.1 of the Scheme Booklet, unless the context otherwise requires.

Scheme Resolution

The Scheme Meeting will be asked to consider and, if thought fit, pass (with or without amendment) the following resolution (**Scheme Resolution**):

> 'That, pursuant to and in accordance with the provisions of section 411 of the *Corporations Act 2001* (Cth), the scheme of arrangement proposed between Coca-Cola Amatil Limited and the holders of its ordinary shares (other than certain Excluded Shareholders), as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions as approved by the Supreme Court of New South Wales to which Coca-Cola Amatil Limited and Coca-Cola European Partners plc agree.'

Scheme Meeting format

The Scheme Meeting will be held as a virtual meeting. Independent Amatil Shareholders and their authorised proxies, attorneys and corporate representatives may participate via the online platform at https://agmlive.link/CCLSM21.

Further details on how to participate in the Scheme Meeting are set out in the explanatory notes that accompany and form part of this Notice of Scheme Meeting and in the Scheme Meeting Online Guide which has been released to the ASX and will be available at www.ccamatil.com.

Independent Amatil Shareholders who are unable to, or do not wish to, attend the Scheme Meeting, or will not have access to a device or the internet, are encouraged to submit a directed proxy vote as early as possible and in any event by **10.00am (Sydney time) on Wednesday, 14 April 2021** by completing and submitting the proxy form in accordance with the instructions on that form.

Webcasting

In addition to the above, Independent Amatil Shareholders can also watch an archived recording of the webcast after the Scheme Meeting at www.ccamatil.com/au/Investors.

Dated 12 March 2021

By order of the Court and the Amatil Related Party Committee

sign here ▶ Richard Conway

Company Secretary

print name Richard Conway

EXPLANATORY NOTES

1 GENERAL

These explanatory notes relate to the Scheme and should be read in conjunction with the Scheme Booklet dated 12 March 2021 and the Notice of Scheme Meeting. These explanatory notes and the Scheme Booklet form part of the Notice of Scheme Meeting. The Scheme Booklet contains important information to assist you in determining how to vote on the Scheme Resolution.

A copy of the Scheme is set out in Annexure 2 of the Scheme Booklet.

Capitalised terms used in the Notice of Scheme Meeting but not defined in it have the same meaning as set out in section 11.1 of the Scheme Booklet, unless the context requires otherwise.

2 CHAIRMAN

The Court has directed that Ms Ilana Atlas is to act as Chairman of the Scheme Meeting and that, if Ms Ilana Atlas is unable or unwilling to act, Mr Mark Johnson is to act as Chairman of the Scheme Meeting.

3 REQUIRED VOTING MAJORITY

For the proposed Scheme to be binding in accordance with section 411 of the Corporations Act, the Scheme Resolution must be agreed to by:

- unless the Court orders otherwise, a majority in number of Independent Amatil Shareholders present and voting (either in person or by proxy, attorney or, in the case of corporate Independent Amatil Shareholders, body corporate representative) at the Scheme Meeting; and
- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Independent Amatil Shareholders present and voting (either in person or by proxy, attorney or, in the case of corporate Independent Amatil Shareholders, body corporate representative).

4 COURT APPROVAL

Under paragraph 411(4)(b) of the Corporations Act, the Scheme (with or without amendment or any alteration or condition required by the Court) is subject to the approval of the Court. If the Scheme Resolution is passed by the Requisite Majorities and the other Conditions Precedent to the Scheme (other than approval by the Court) are satisfied or waived (if capable of waiver) by the time required under the Scheme, Amatil intends to apply to the Court for the necessary orders to give effect to the Scheme.

In order for the Scheme to become Effective, it must be approved by the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC.

5 ENTITLEMENT TO VOTE

The Amatil Related Party Committee has determined that the time for determining eligibility to vote at the Scheme Meeting is **7.00pm (Sydney time) on Wednesday, 14 April 2021**. Only those Independent Amatil Shareholders entered on the Amatil Share Register at that time will be entitled to attend and vote at the Scheme Meeting, either in person, by proxy or attorney, or in the case of a corporate Independent Amatil Shareholder, by a body corporate representative. Share transfers registered after that time will be disregarded in determining voting entitlements at the Scheme Meeting. The remaining comments in these explanatory notes are addressed to Independent Amatil Shareholders entitled to attend and vote at the Scheme Meeting.

6 ATTENDANCE AND PARTICIPATION

Independent Amatil Shareholders and their authorised proxies, attorneys and corporate representatives can attend and participate in the Scheme Meeting via the online platform at https://agmlive.link/CCLSM21.

The online platform may be accessed via a computer or mobile or tablet device with internet access. The online platform will allow Independent Amatil Shareholders and their authorised proxies, attorneys and corporate representatives to watch the Scheme Meeting, cast an online vote and ask questions online in real time.

To participate and vote online, Independent Amatil Shareholders will need their Shareholder Reference Number (**SRN**) or Holder Identification Number (**HIN**) (which is shown on the front of their holding statement or proxy form), and their postcode (or country code if outside Australia). The Amatil Share Registry will email proxyholders, their login details 24 hours prior to the Scheme Meeting. Attorneys and corporate representatives can login to the online platform using the SRN/HIN of the holding.

It is recommended that Independent Amatil Shareholders login to the online platform at least 15 minutes prior to the scheduled start time for the Scheme Meeting. The Scheme Meeting Online Guide provides details about how to ensure your browser is compatible with the online platform as well as a step-by-step guide to successfully log in and navigate the site. The Scheme Meeting Online Guide has been released to the ASX and will be available at www.ccamatil.com.

Please monitor Amatil's website and ASX announcements where updates will be provided if it becomes necessary or appropriate to make alternative arrangements for the holding or conduct of the Scheme Meeting.

7 HOW TO VOTE

Voting at the Scheme Meeting will be conducted by poll.

If you are an Independent Amatil Shareholder entitled to vote at the Scheme Meeting, you may vote:

- **in person,** by attending the Scheme Meeting online and voting via the online platform at https://agmlive.link/CCLSM21;
- **by proxy,** by completing and submitting the proxy form in accordance with the instructions on that form. To be effective, your proxy appointment must be received by the Amatil Share Registry by **10.00am (Sydney time) on Wednesday, 14 April 2021**;
- **by attorney,** by appointing an attorney to attend and vote at the Scheme Meeting on your behalf and providing a duly executed power of attorney to the Amatil Share Registry by **10.00am (Sydney time) on Wednesday, 14 April 2021**; or
- **by corporate representative,** in the case of a body corporate, by appointing a body corporate representative to attend and vote at the Scheme Meeting on your behalf, and providing a duly executed certificate of appointment (in accordance with sections 250D and 253B of the Corporations Act) prior to the Scheme Meeting.

Further information on how to vote using each of these methods is contained in section 8 of this Notice of Scheme Meeting below.

8 VOTING

8.1 Voting in person

To vote in person, you must attend the Scheme Meeting via the online platform at https://agmlive.link/CCLSM21.

Online voting will be open between the start of the Scheme Meeting and the closing of voting as announced by the chairman during the Scheme Meeting.

8.2 Voting by proxy

An Independent Amatil Shareholder entitled to attend and vote at the Scheme Meeting may appoint a person to attend and vote at the Scheme Meeting as their proxy. To do so, either they should mark the box 'Appoint a Proxy' in step 1 of the proxy form to appoint the Chairman of the Scheme Meeting as their proxy or insert the name and email address of their alternative proxy in the space provided. Please refer to section 8.6 of this Notice of Scheme Meeting below for further details in relation to how to submit a proxy form.

The following applies to proxy appointments:

- a proxy need not be another Independent Amatil Shareholder, and may be an individual or a body corporate. If a body corporate is appointed as a proxy, it must ensure that it appoints an individual as its corporate representative in accordance with sections 250D and 253B of the Corporations Act to exercise its powers as proxy at the Scheme Meeting;
- an Independent Amatil Shareholder who is entitled to cast two or more votes at the Scheme Meeting may appoint one or two proxies. If you wish to appoint a second proxy, a second hard copy proxy form should be used and you should clearly indicate on the second proxy form that it is a second proxy and not a revocation of your first proxy. Both proxy forms should be returned together in the same envelope. If you wish to appoint two proxies using hard copy proxy forms, you will need to obtain a second proxy form. Please contact the Amatil Share Registry on +61 1300 554 474 to obtain an additional proxy form. You cannot appoint a second proxy using the online platform. Where two proxies are appointed, each proxy should be appointed to represent a specified proportion of the Independent Amatil Shareholder's voting rights. If an Independent Amatil Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Independent Amatil Shareholder's votes, each proxy may exercise half of that Independent Amatil Shareholder's votes with any fractions of votes disregarded;
- if you hold Amatil Shares jointly with one or more other persons, in order for your proxy appointment to be valid, either Independent Amatil Shareholder may sign the proxy form; and
- each proxy will have the right to vote on the poll and also to ask questions at the meeting.

A proxy cannot be appointed electronically if they are appointed under a power of attorney or similar authority.

If you have appointed a proxy and attend the Scheme Meeting, the authority of your proxy to attend and vote, on your behalf, is automatically suspended. However, if you view a live webcast of the Scheme Meeting as a 'visitor', you will not revoke your proxy appointment.

A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the Amatil Share Registry before the start of the meeting (or, if the meeting is adjourned or postponed, before the resumption of the meeting in relation to the resumed part of the meeting) in any of the ways described in section 8.6 of this Notice of Scheme Meeting below.

You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote 'for' or 'against', or abstain from voting on, the Scheme Resolution, or whether to leave the decision to the proxy after he or she has considered the matters discussed at the Scheme Meeting.

If you do not direct your proxy how to vote on the Scheme Resolution, the proxy may vote, or abstain from voting, as he or she thinks fit. If you instruct your proxy to abstain from voting on the Scheme Resolution, he or she is directed not to vote on your behalf, and the shares the subject of the proxy appointment will not be counted in computing the required majority.

If you return your proxy form:

- without identifying a proxy on it, you will be taken to have appointed the Chairman of the Scheme Meeting as your proxy to vote on your behalf; or
- with a proxy identified on it but your proxy does not attend the Scheme Meeting or does not vote as directed, the Chairman of the Scheme Meeting will act in place of your nominated proxy and vote in accordance with any directions on your proxy form.

The Chairman of the Scheme Meeting intends to vote all available proxies in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Independent Amatil Shareholders.

8.3 Voting by attorney

You may appoint an attorney to attend and vote at the Scheme Meeting on your behalf. Your attorney need not be another Independent Amatil Shareholder. Each attorney will have the right to vote on the poll and also to ask questions at the Scheme Meeting.

The power of attorney appointing your attorney to attend and vote at the Scheme Meeting must be duly executed by you and specify your name, the company (i.e. Amatil), and the attorney, and also specify the meeting(s) at which the appointment may be used. The appointment may be a standing one.

The power of attorney, or a certified copy of the power of attorney, should be received by the Amatil Share Registry by **10.00am (Sydney time) on Wednesday, 14 April 2021** (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the ways specified for proxy forms in section 8.6 of this Notice of Scheme Meeting below, except that the power of attorney or a certified copy of the power of attorney cannot be lodged online or by mobile device.

A validly appointed attorney wishing to attend and vote at the Scheme Meeting via the online platform will require the appointing Independent Amatil Shareholder's name and postcode and the SRN/HIN of the holding in order to access the online platform.

8.4 Voting by corporate representative

A body corporate that is an Independent Amatil Shareholder, or that has been appointed as a proxy, must appoint an individual to act as its representative at the Scheme Meeting. The appointment must comply with the requirements of sections 250D and 253B of the Corporations Act.

A form of certificate of appointment may be downloaded via www.linkmarketservices.com.au or obtained from the Amatil Share Registry by calling +61 1300 554 474 between 9.00 am to 5.00 pm (Sydney time). The certificate of appointment may set out restrictions on the representative's powers.

The certificate must be received by the Amatil Share Registry prior to the Scheme Meeting. Independent Amatil Shareholders may submit the certificate:

- via email, by sending it to vote@linkmarketservices.com.au; or
- in any of the ways specified for proxy forms in section 8.6 of this Notice of Scheme Meeting, except that a certificate of appointment of corporate representative cannot be lodged online or by mobile device.

If a certificate is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been received by the Amatil Share Registry.

A validly appointed corporate representative wishing to attend and vote at the Scheme Meeting via the online platform will require the appointing Independent Amatil Shareholder's name, postcode and the SRN/HIN of the holding in order to access the online platform.

8.5 Jointly held securities

If you hold Amatil Shares jointly with one or more other persons, only one of you may vote.

See also the comments in section 8.2 of this Notice of Scheme Meeting above regarding the appointment of a proxy by persons who jointly hold Amatil Shares.

8.6 How to submit a proxy form

To appoint a proxy, you should complete and submit the proxy form in accordance with the instructions on that form.

To be effective, proxy appointments must be received by way of completed proxy forms by the Amatil Share Registry by **10.00am (Sydney time) on Wednesday, 14 April 2021** (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

(a) **online:** at www.linkmarketservices.com.au and follow the prompts

(b) **by mobile device:**

If you have a smart phone, you can now lodge your vote via the Link Market Services website **www.linkmarketservices.com.au** or by scanning the QR code on the proxy form. Log-in using the SRN/HIN and postcode for your shareholding.

To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.

(c) **by post in the provided reply paid envelope to the Amatil Share Registry at the following address:**

Coca-Cola Amatil Limited
c/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

(d) **by fax to the Amatil Share Registry on:**

+61 2 9287 0309

(e) **by hand delivery (during normal business hours) to the Amatil Share Registry at the following address:**

Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

or

Level 12, 680 George Street
Sydney NSW 2000

Proxy forms received after this time will be invalid.

If a proxy form is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed proxy form unless the power of attorney or other authority has previously been received by the Amatil Share Registry.

For more information concerning the appointment of proxies and ways to lodge the proxy form, please refer to the proxy form.

9 QUESTIONS

Independent Amatil Shareholders will have a reasonable opportunity to ask questions during the Scheme Meeting via the online platform.

Independent Amatil Shareholders who prefer to register questions in advance of the Scheme Meeting are also invited to do so by submitting questions online at www.linkmarketservices.com.au.

The Chairman of the Scheme Meeting will endeavour to address as many of the more frequently raised relevant questions as possible during the course of the Scheme Meeting. However, there may not be sufficient time available during the Scheme Meeting to address all of the questions raised. Please note that individual responses will not be sent to Independent Amatil Shareholders.

Questions must be submitted to the Amatil Share Registry by **5pm (Sydney time) on Friday 9 April 2021**.

10 TECHNICAL DIFFICULTIES

Technical difficulties may arise during the course of the Scheme Meeting. The chairman has discretion as to whether and how the Scheme Meeting should proceed in the event that a technical difficulty arises. In exercising this discretion, the chairman will have regard to the number of Independent Amatil Shareholders impacted and the extent to which participation in the business of the meeting is affected. Where the chairman considers it appropriate, the chairman may continue to hold the Scheme Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions.

11 ADVERTISEMENT

Where this Notice of Scheme Meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained from ASX's website (www2.asx.com.au) or from Amatil's website (www.ccamatil.com) or by contacting the Amatil Share Registry.

CORPORATE DIRECTORY

Coca-Cola Amatil Limited

Coca-Cola Place
Level 13, 40 Mount Street
North Sydney NSW 2060

Financial adviser

UBS AG, Australia Branch
Level 16, Chifley Tower
2 Chifley Square
Sydney NSW 2000

Legal adviser

Herbert Smith Freehills
Level 34, 161 Castlereagh Street
Sydney NSW 2000

Tax adviser

Deloitte Tax Services Pty Ltd
Grosvenor Place
225 George Street
Sydney NSW 2000

Amatil Share Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Stock exchange listing

Amatil ordinary shares are quoted on the Australian Securities Exchange (ASX: CCL).

CCA
COCA-COLA
AMATIL

COCA-COLA AMATIL LIMITED
ABN 26 004 139 397

This proxy form (**Proxy Form**) should be read in conjunction with the Scheme Booklet issued by Coca-Cola Amatil Limited (the **Company**). Words and expressions used in this Proxy Form have the same meaning given to them in the Scheme Booklet, unless the context requires otherwise.

Please note that if you are an Excluded Shareholder (as defined in the Scheme Booklet) you are not permitted to vote at the Scheme Meeting.

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MOBILE DEVICE

BY POST (in the provided reply paid envelope)
Coca-Cola Amatil Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

BY HAND (during normal business hours)
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

or

Level 12, 680 George Street, Sydney NSW 2000

ALL ENQUIRIES TO
Telephone: +61 1300 554 474

X99999999999

PROXY FORM

I/We being a member(s) of Coca-Cola Amatil Limited and entitled to attend and vote hereby:

STEP 1

APPOINT A PROXY

☐ **appoint the Chairman of the Scheme Meeting (mark box)**

OR if you are **NOT** appointing the Chairman of the Scheme Meeting as your proxy, please write the name and email of the person or body corporate you are appointing as your proxy

Name

Email

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Scheme Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Scheme Meeting of Coca-Cola Amatil Limited to be held at **10:00am (Sydney time) on Friday, 16 April 2021** and at any postponement or adjournment of the Scheme Meeting.

The Scheme Meeting will be conducted as a virtual meeting and you can participate in the Scheme Meeting via the online platform at https://agmlive.link/CCLSM21 (refer to details in the Scheme Meeting Online Guide and Notice of Scheme Meeting).

The Chairman of the Scheme Meeting intends to vote all available proxies in favour of the Scheme Resolution in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Independent Amatil Shareholders.

STEP 2

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Scheme Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Scheme Resolution

	For	Against	Abstain*
1 That, pursuant to and in accordance with the provisions of section 411 of the *Corporations Act 2001* (Cth), the scheme of arrangement proposed between Coca-Cola Amatil Limited and the holders of its ordinary shares (other than certain Excluded Shareholders), as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions as approved by the Supreme Court of New South Wales to which Coca-Cola Amatil Limited and Coca-Cola European Partners plc agree.	☐	☐	☐

* If you mark the Abstain box for the Scheme Resolution, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director
Contact Name	Contact Day Telephone	Date

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the Power of Attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

Please note: you cannot change ownership of your shares using this form.

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Scheme Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Scheme Meeting as your proxy, please write the name and email address of that individual or body corporate in Step 1. If you leave this section blank, the Chairman of the Scheme Meeting will be your proxy. A proxy need not be a shareholder of the Company.

PROXY VOTING BY THE CHAIRMAN OF THE SCHEME MEETING

The Chairman of the Scheme Meeting intends to vote all available proxies in favour of the Scheme Resolution in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Independent Amatil Shareholders.

VOTING - PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite the Scheme Resolution. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Scheme Resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the Scheme Resolution, your proxy may vote as he or she chooses subject to any voting restrictions that apply to the proxy. If you mark more than one box on the Scheme Resolution your vote on the Scheme Resolution will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two proxies to attend the Scheme Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and

(b) return both forms together.

You cannot appoint a second proxy online or via a mobile device.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the shareholder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001* (Cth)) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Scheme Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be received by the Company's share registry prior to admission to the Scheme Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below, except via online or by mobile device if signing under a Power of Attorney, by **10:00am (Sydney time) on Wednesday, 14 April 2021,** being no later than 48 hours before the Scheme Meeting. Any Proxy Form received after that time will not be valid for the scheduled Scheme Meeting.

A proxy cannot be appointed electronically if they are appointed under a Power of Attorney or similar authority.

Proxy Forms may be lodged using one of the following options:

ONLINE
www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Shareholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

BY MOBILE DEVICE

QR Code

Our voting website is designed specifically for voting online. You can now lodge your vote by scanning the QR code adjacent or enter the voting link **www.linkmarketservices.com.au** into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.

BY POST (in the provided reply paid envelope)

Coca-Cola Amatil Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

BY FAX

+61 2 9287 0309

BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

or

Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

LINK Market Services

Scheme Meeting Online Guide

Part of **Link Group** | Corporate Markets

Scheme Meeting Online Guide

Before you begin

Ensure your browser is compatible. You can easily check your current browser by going to the website: **whatismybrowser.com**

Supported browsers are:

- Chrome – Version 44 & 45 and after
- Firefox – 40.0.2 and after
- Safari – OS X v10.9 "Mavericks" & OS X v10.10 "Yosemite" and after
- Internet Explorer 9 and up

The online platform is viewable from desktops and laptops. To attend and vote via the online platform you must have your shareholder number and postcode.

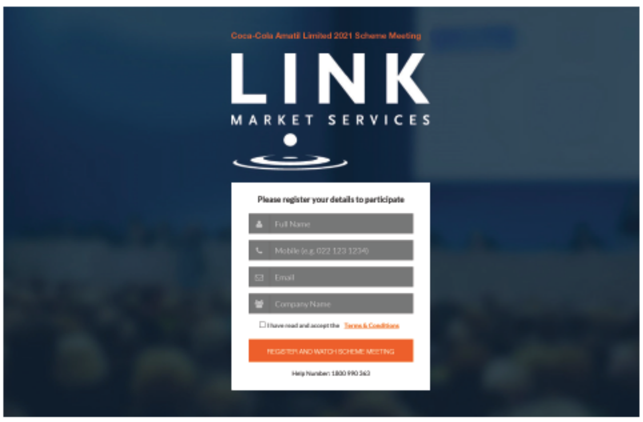
If you are an appointed proxy you will need your proxy number which will be provided by Link Market Services prior to the meeting.

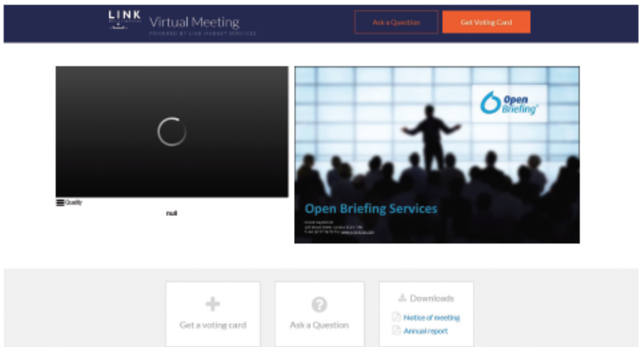
Please make sure you have this information before proceeding.

Capitalised terms used but not defined in this Scheme Meeting Online Guide have the defined meanings set out in the Scheme Booklet issued by Coca-Cola Amatil Limited. For the avoidance of doubt, this Scheme Meeting Online Guide does not form part of the Scheme Booklet.

Step 1

Open your web browser and go to https://agmlive.link/CCLSM21





Step 2

Login to the portal using your full name, email address, and company name (if applicable).

Please read and accept the terms and conditions before clicking on the **'Register and Watch Scheme Meeting'** button. Once you have logged in you will see:

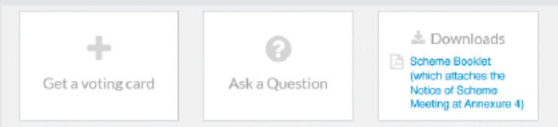
- On the left – a live video webcast of the Scheme Meeting
- On the right – the presentation slides that will be addressed during the Scheme Meeting.

Note: After you have logged in you should keep your browser open for the duration of the meeting. If you close your browser, your session will expire. If you attempt to log in again, you will be sent a recovery link via email for security purposes.

Navigating

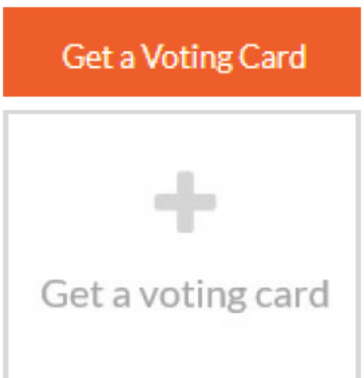
At the bottom of the webpage under the webcast and presentation there are three boxes. Refer to each section below for operating instructions.

1. Get a voting card
2. Ask a Question
3. Downloads

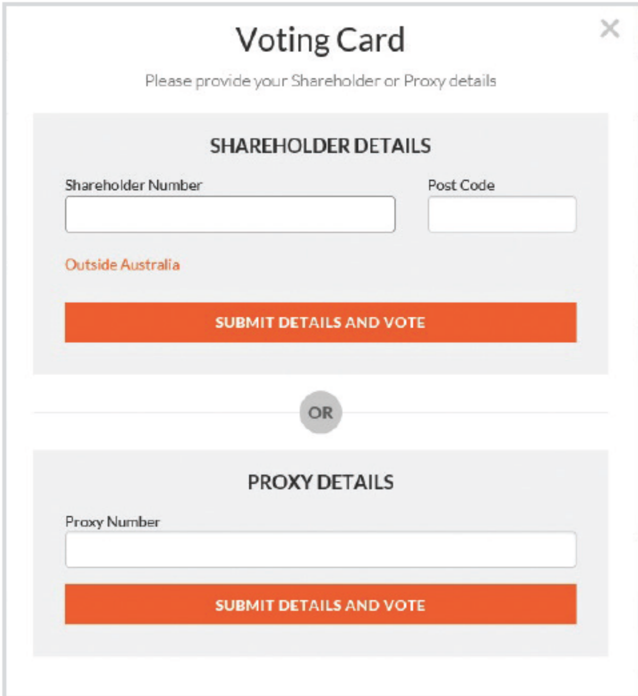


1. Get a voting card

To register to vote - click on the 'Get a voting card' box at the top of the webpage or below the videos.



This will bring up a box which looks like this.



If you are an individual or joint Independent Amatil Shareholder you will need to register and provide validation by entering your shareholder number and postcode in the **'SHAREHOLDER DETAILS'** section.

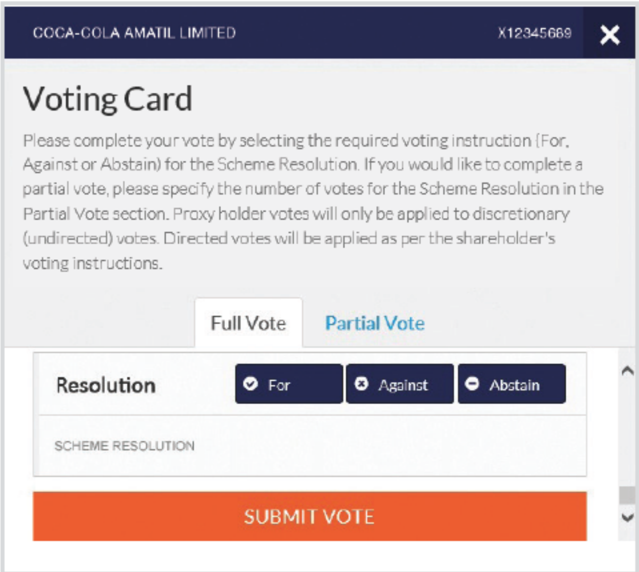
If you are an appointed proxy, please enter the proxy number issued to you by Link Market Services in the **'PROXY DETAILS'** section.

Once you have entered your appropriate details click the **'SUBMIT DETAILS AND VOTE'** button.

Once you have registered, your voting card will appear with the Scheme Resolution to be voted on by Independent Amatil Shareholders at the Scheme Meeting (as set out in the Notice of Scheme Meeting).

Independent Amatil Shareholders and proxies can either submit a full vote or a partial vote. You can move between the two tabs by clicking on **'Full Vote'** or **'Partial Vote'** at the top of the voting card.

Scheme Meeting Online Guide *continued*



Full Votes

To submit a full vote on the Scheme Resolution ensure you are in the **'Full Vote'** tab. Place your vote by clicking on the **'For'**, **'Against'**, or **'Abstain'** voting buttons.

Partial Votes

To submit a partial vote on the Scheme Resolution ensure you are in the **'Partial Vote'** tab. You can enter the number of votes you would like to vote for the Scheme Resolution. The total amount of votes that you are entitled to vote for will be listed under the Scheme Resolution. When you enter the number of votes in a certain box it will automatically tally how many votes you have left.

Note: If you are submitting a partial vote and do not use all of your entitled votes, the un-voted portion will be submitted as 'No Instruction' and therefore will not be counted.

Once you have finished voting on the Scheme Resolution scroll down to the bottom of the box and click the **'Submit Vote'** or **'Submit Partial Vote'** button.

Note: You are able to close your voting card during the meeting without submitting your vote at any time while voting remains open. Any votes you have already made will be saved for the next time you open up the voting card. The voting card will appear on the bottom left corner of the webpage. The message **'Not yet submitted'** will appear at the bottom of the page.

You can edit your voting card at any point while voting is open by clicking on **'Edit Card'**. This will reopen the voting card with any previous votes made.

If at any point you have submitted your voting card and wish to make a change while voting is still open you can do so by clicking the **'Edit Card'** button and making the required change. Once you have completed your card select the **'Submit Vote'** or **'Submit Partial Vote'** button.

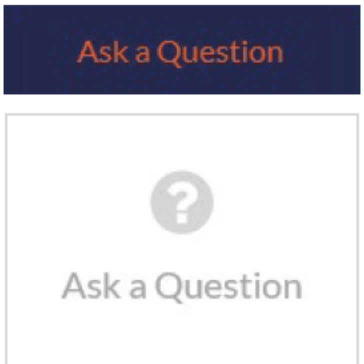
The voting will close when announced by the Chairman during the Scheme Meeting. Once voting has been closed all voting cards, submitted and un-submitted, will automatically be submitted and cannot be changed.

Note: Registration for the Scheme Meeting and voting opens half an hour before the meeting begins.

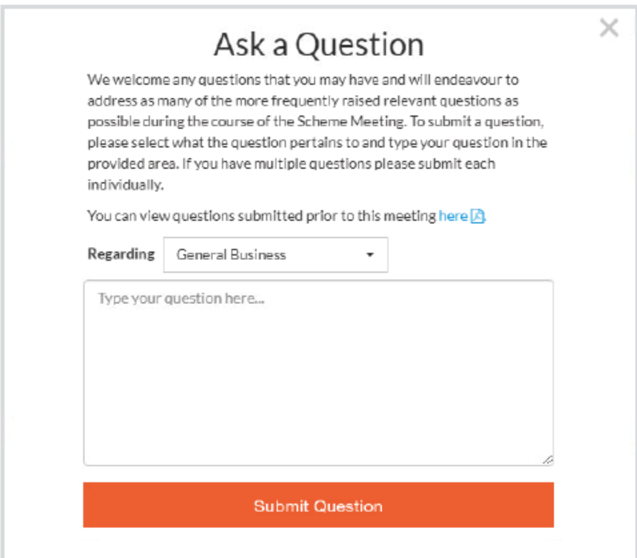
2. How to ask a question

Note: Only Independent Amatil Shareholders are eligible to ask questions.

You will only be able to ask a question after you have registered to vote. If you would like to ask a question, click on the 'Ask a Question' box either at the top or bottom of the webpage.



The **'Ask a Question'** box will then pop up with two sections for completion.



In the **'Regarding'** section click on the drop down arrow and select one of the following categories:

- General Business
- Scheme Resolution

After you have selected your question category, click in the **'Question'** section and type your question.

When you are ready to submit your question – click the **'Submit Question'** button.

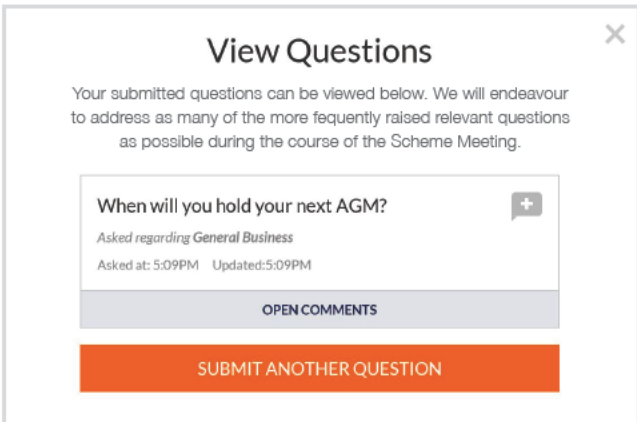
The Chairman of the Scheme Meeting will endeavour to address as many of the more frequently raised relevant questions as possible during the course of the Scheme Meeting. However, there may not be sufficient time available during the Scheme Meeting to address all of the questions raised.

Once you have asked a question a **'View Questions'** box will appear.

At any point you can click on **'View Questions'** and see all the questions you have submitted. Only you can see the questions you have asked.

Note: You can submit your questions by this method half an hour before the meeting begins, if you have registered to vote. You can continue to submit questions up until the close of voting.

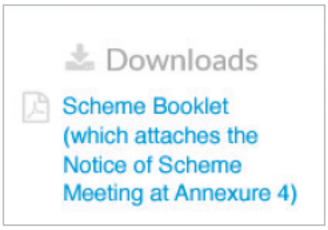
If your question has been answered, and you would like to submit another question(s), please click **'Submit Another Question'**.



Scheme Meeting Online Guide *continued*

3. Downloads

If you would like to see the Scheme Booklet (which attaches the Notice of Scheme Meeting at Annexure 4), you can do so here by clicking on the link as shown in the **'Downloads'** box below.



4. Voting closing

Voting will close when announced by the Chairman during the Scheme Meeting.

At the close of the meeting any votes you have placed will automatically be submitted.

Contact us

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E info@linkmarketservices.com.au

New Zealand
T +64 9 375 5998
E enquiries@linkmarketservices.co.nz

CCL 02/21 ISS1