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At Coca-Cola Amatil, our products and people delight millions, and create moments of happiness and possibilities every day.

Operating with purpose matters – it's not just what we do, it's how we do it. As a multi-beverages powerhouse, we are committed to delivering on our growth agenda while building sustainable outcomes across the regions in which we operate.

We've developed in more ways than one – for our shareholders, customers, consumers, communities and our people, and we'll continue to create millions of moments of happiness and possibilities ... every day.

# 2018: OUR YEAR

2018 was a transition year for the Group, with earnings impacted by the planned investment in our Accelerated Australian Growth Plan and the implementation of container deposit schemes, compounded by economic factors in Indonesia and operational challenges in Papua New Guinea.

Our performance in many areas remained strong, with New Zealand & Fiji delivering another year of strong EBIT growth and Alcohol & Coffee achieving another year of double-digit EBIT growth.

We are proud of the progress we have made on our plans and commitments, and saw encouraging signs in Australian Beverages and Indonesia in the second half.



## GROUP RESULTS

UNDERLYING NPAT\*

**\$388.3m**

UNDERLYING EBIT\*

**\$634.5m**

UNDERLYING EPS\*

**53.6c**

TOTAL 2018 DIVIDEND

**47.0c** per share

\*From continuing operations



## BUSINESS HIGHLIGHTS

### GROWTH IN COKE TRADEMARK

We achieved volume growth for Coca-Cola Trademark in Australia in the second half, led by the continued success of Coca-Cola No Sugar.

### WORLD'S BEST BOTTLERS

New Zealand was named one of the best bottlers in the world by The Coca-Cola Company, recognising the team's executional excellence.

### AMATIL X INVESTS FOR THE FUTURE

We launched our corporate venturing platform Amatil X, and made our first investments through the platform in Doshii and TabSquare.

### IMPROVED MARKET SHARE

In Indonesia, improved value share in sparkling, and in Australia achieved volume share gains in sparkling and still beverages.

### NO TO PLASTIC STRAWS

In Australia we said no to plastic straws.

### OUTSTANDING GROWTH IN ALCOHOL & COFFEE

We achieved our fifth consecutive year of growth in our Alcohol & Coffee business.

# WHERE WE OPERATE

We operate across six countries, with more than 12,000 employees ensuring that up to 270 million potential consumers are able to get their hands on one of the 140+ brands we distribute and they love, via one of our 880,000+ customers, every day.

With 45 warehouse facilities and 35 production facilities, we are a multi-beverages powerhouse.

We are Coca-Cola Amatil.



## INDONESIA

8	39
14	9
711,000	5,900
354,000	



**270m POTENTIAL CONSUMERS**  
**880,000+ CUSTOMERS**  
**12,000+ EMPLOYEES**  
**140+ BRANDS**  
**45 WAREHOUSES**  
**35 PRODUCTION FACILITIES**  
**6 COUNTRIES**  
**1 COCA-COLA AMATIL**

## KEY

	Production facilities
	Warehouses
	Production lines
	Brands
	Customers (approx.)
	Employees (approx.)*
	Coolers

\*Excluding contractors



## INDONESIA



## PAPUA NEW GUINEA

### PAPUA NEW GUINEA

2	5
8	10
13,000	740
16,600	

### ALCOHOL & COFFEE<sup>1</sup>

9	20
5	107 <sup>2</sup>
3,050	815 <sup>3</sup>

- 1 Includes all Alcohol & Coffee operations across Australia, New Zealand, Fiji, Samoa and Indonesia, and excludes shared facilities with other Amatil businesses.
- 2 Includes all brands distributed by Amatil both as brand owner and brand partner, including those distributed under agreement with Beam Suntory, Molson Coors & Chilli Marketing.
- 3 Including contractors.



## AUSTRALIA

### AUSTRALIAN BEVERAGES

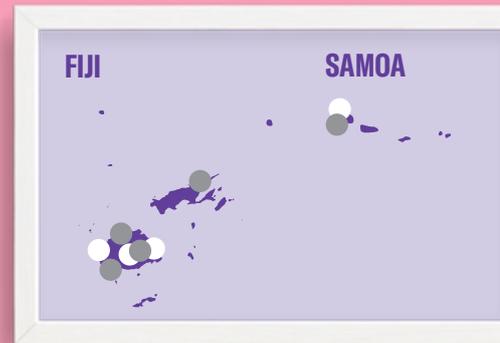
9	32
12	27
114,000	3,100
130,000	

### SPC

2	29
1	7
500	

### FIJI

1	4
2	13
3,000	300
4,600	



## FIJI

## SAMOA

### NEW ZEALAND

4	11
3	30
16,000	1,000
32,000	



## NEW ZEALAND

# CHAIRMAN'S REVIEW

I am pleased to present the Coca-Cola Amatil Limited Annual Report for 2018.

2018 was a transition year for Coca-Cola Amatil as we invested today for a stronger and more sustainable organisation, tomorrow. The medium and long-term value to shareholders of Coca-Cola Amatil has been at the core of our work in 2018 and continues to be the Board's priority in 2019.

Our overall Group result for 2018 was a 3.9 per cent decrease in underlying earnings per share<sup>1</sup> (EPS) with a 7.0 per cent decrease in EPS<sup>1</sup> over the full year. There was a 1.1 per cent increase in trading revenue<sup>1</sup> to \$4,752.3 million, and a 6.5 per cent decrease in underlying earnings before interest and tax<sup>1</sup> (EBIT) to \$634.5 million.

Profit attributable to shareholders<sup>1</sup> (before non-trading items) also decreased 6.5 per cent to \$388.3 million. The final dividend declared was 26.0 cents per share, franked at 50 per cent, representing an underlying payout ratio of 87.6 per cent for the full year.

This Group result reflects the planned investment in our Australia Beverages and Indonesian businesses. This investment will continue in 2019. The Board is pleased with the progress of the transformation of these businesses in partnership with The Coca-Cola Company and the encouraging signs we saw in both markets in the second half of the year.

Pleasingly, we experienced another year of strong EBIT growth in New Zealand & Fiji, and Alcohol & Coffee achieved another year of double-digit underlying EBIT growth.

In November 2018 we announced the conclusion of the strategic review process of SPC and the decision to proceed towards divestment. This is well under way with several non-binding indicative offers received reflecting strong interest in the many opportunities for growth in SPC.

Given the uncertainty of the financial outcome of the sale process and the wide range of offers received, we have recognised a non-cash impairment of the carrying value of SPC's net assets to zero. The impairment of the SPC business doesn't impact our underlying result but is reflected in our statutory result.

The work we are doing to ensure the long-term sustainability of Coca-Cola Amatil was reflected not just in our investments and business plans, but also in our focus on our partnerships, our people and our sustainability initiatives.

## Partnerships

Coca-Cola Amatil has a long and proud history of successful partnerships, based on trust and shared values. Since 2014 we have focused on strengthening our relationship with The Coca-Cola Company. Underpinned by our Bottler's Agreements, the Coca-Cola System is unique, providing exclusive rights to produce, package, sell, and distribute Coca-Cola Company products in each of our six countries of operation, and is an important competitive advantage in these markets.

In 2018 our relationship with The Coca-Cola Company continued to mature. The Coca-Cola Company "Beverages for Life" strategy is benefiting Amatil in all of our markets with a renewed consumer-centric approach. The year saw us work closely together to meet the constantly changing needs of our customers and choices of consumers.

We were pleased during 2018 to undertake the joint acquisition with The Coca-Cola Company of a 45 per cent minority interest in the Australia-based Made Group, consistent with the Accelerated Australian Growth Plan focus on emerging categories.

We also remain aligned in relation to our ongoing investment in our Accelerated Australian Growth Plan, and on delivering the category and brand portfolio plans in our Indonesian Accelerate to Transform strategy. Both these plans involve joint investment, with revenue and earnings growth as their priorities.

We will continue to look for more opportunities to grow together across our markets.

## Our People

In 2018 we continued to invest significantly in the capability of our Indonesian team. The objective of this is twofold; first to support the delivery of the Accelerate to Transform strategy, and second, to develop a replicable model that can be leveraged in other territories.

We are seeing the benefit in our Papua New Guinea business as we implement our Indonesian operational excellence program in response to operational issues we experienced in 2018.

Our diversity and inclusion objectives are aligned to the needs of our business and we are committed to maintaining a diverse range of skills and attributes.

We are heading in the right direction in relation to gender diversity, with 34 per cent of women in management roles compared to 31 per cent in 2017. However there are more opportunities, particularly to improve diversity in sales, supply chain and operational roles.

The David Gonski Women in Leadership program is now in its fourth year and is focused on supporting the development of our female talent across Coca-Cola Amatil. The results are demonstrating the impact of this targeted development, with 24 per cent of the women who have completed the program subsequently being promoted.

## Sustainability

In 2018 we built on our commitment to deliver a lasting, distinctive and positive contribution to the world in which we live. We recognise that our approach to sustainability continues to underpin our future performance. Our stakeholders are looking to us to act.

Our sustainability framework is focused on the areas where we can have the greatest impact; our people, consumer wellbeing, the environment and our communities.

The release of our 2020 goals in our 2017 Sustainability Report was well received. This is the first time we have set public commitments in these areas, and we have made good progress toward these goals. In some areas we have already achieved our target.

Two priority areas for Coca-Cola Amatil are consumer wellbeing and packaging neutrality. With customers and consumers also heavily focused on these issues, they are priority commercial and reputational risks for Amatil.

In 2017 we committed to reduce the sugar in our portfolio<sup>2</sup> by 2020 in Australia and New Zealand. Last year we enhanced this commitment in Australia and we are now targeting a 20 per cent reduction by 2025.

<sup>1</sup> From continuing operations.

<sup>2</sup> Grams of sugar per 100 mls across our portfolio of sales by 10 per cent.

This recognises our responsibility to be part of the solution to the problem of obesity. As at the end of 2018 we have made strong progress, with a 5.7 per cent reduction<sup>2</sup> of sugar against the 2015 baseline in Australia.

In relation to packaging, we've heard the community message loud and clear – unnecessary packaging is unacceptable and we need to be part of the solution.

Over recent years we've made significant progress in improving packaging sustainability. Not only have we achieved 100 per cent recyclable or reusable plastic bottles across our entire Australian non-alcoholic range, we now have 100 per cent recycled plastic used in our single-serve Mount Franklin and Peats Ridge 600ml bottles.

Additionally, we are involved in the operation of all of the container deposit schemes across Australia, we manage the Fijian-based collection scheme Mission Pacific, and last year we celebrated our 11th year supporting the Bali Beach Clean-Up program.

In 2018 we signed up to the Australian National Packaging Targets, which include a commitment to achieve 70 per cent of Coca-Cola Amatil's Australian plastic packaging to be recycled or composted by 2025.

As a first step in achieving this we have committed to increasing the overall rPET content for our Australian non-alcoholic PET portfolio from 24 per cent to 50 per cent from 2020.

This commitment, along with our other actions to reduce, replace, recover and recycle our packaging, takes us towards achieving The Coca-Cola Company's aspiration of a 'World Without Waste'.

#### Board Update

Board renewal is an ongoing and important exercise. It ensures the Board has the right mix of skills and experience to meet the Company's strategic objectives and future challenges.

At the 2018 Annual General Meeting we announced the appointment of Julie Coates to the Board. Julie has brought extensive FMCG and retail experience and we are delighted to have her skills and experience on the Board.

We also welcomed Jorge Garduño as one of The Coca-Cola Company's nominee Directors on the Board. Jorge is currently the President of Coca-Cola Japan and brings more than 25 years' experience working for The Coca-Cola Company across various leadership roles in Latin America, Europe and Asia.

Jorge replaced Martin Jansen who retired from the Board at the 2018 Annual General Meeting. I would like to thank Martin for his significant contribution to the Board during his time as a Director.

During the year, Catherine Brenner advised the Board that she will not seek re-election at the end of her current term. I want to thank Catherine for her outstanding contribution to the Board over the last 10 years.

#### Outlook

The Board is committed to delivering long-term sustainable value for our communities, our people and our shareholders.

We are confident that through our focus on investment today in all aspects of our business we will deliver our targeted future results.

Our people and culture are central to our success, and the Board recognises the efforts of every member of the Coca-Cola Amatil team in helping to deliver on our performance and growth plans.

On behalf of the Board, I would like to take this opportunity to thank all the team for their dedication and contribution during the year.

**Ilana Atlas**  
Chairman



# GROUP MANAGING DIRECTOR'S REVIEW

In 2018 the three pillars of our Group Strategy – Perform, Grow, Strong Organisation – continued to guide our direction and plans. The Perform element of the strategy remained the day-to-day focus for each of our Businesses as they implemented plans guided by our Shareholder Value Proposition.

While our performance in many areas of the Shareholder Value Proposition was strong, challenges remained in Australia and Indonesia. The outcome was a Group result for 2018 that reflected our commitment to investing for a strong tomorrow and included good progress in some of our identified growth markets, although it fell short of our plans.

Underlying earnings before interest and tax<sup>1</sup> (EBIT) was \$634.5 million for the year, and underlying net profit after tax<sup>1</sup> (NPAT) was \$388.3 million. These represented declines of 6.5 per cent on the previous year, reflecting our investment in our Accelerated Australian Growth Plan and the implementation of container deposit schemes, compounded by economic factors in Indonesia and operational challenges in Papua New Guinea.

## Our Businesses

**Australian Beverages** underlying EBIT declined 8.8 per cent, resulting from our plans to deploy an additional \$40 million of investment into the business in 2018 in line with the Accelerated Australian Growth Plan. Adjusting for this additional investment, EBIT growth would have been positive for the year. However, we recognise that this investment is important in supporting long-term business outcomes.

There are encouraging signs in Australian Beverages as our initiatives gain traction. In 2018 this resulted in volume growth for Coca-Cola Trademark beverages in the second half, led by Coca-Cola No Sugar. There was continued consumer enthusiasm for low and no-sugar beverages, with low-single digit volume growth for the year and growth accelerating in the second half.

Overall, sparkling and still beverages volumes declined 0.7 per cent and 1.5 per cent respectively. Volumes for Coca-Cola Amatil, as well as the broader beverages industry, were affected by the implementation of container deposit schemes in NSW, Queensland and the ACT. We were pleased to achieve volume share gains as we invested against our plans.

We continued to achieve strong growth in our **New Zealand & Fiji** segment with revenue up 6.9 per cent and underlying EBIT up 6.5 per cent on a constant currency basis, and volumes up 6.1 per cent.

In New Zealand we delivered strong revenue, volume and EBIT growth despite cycling a strong result in 2017. We had strong performances in both sparkling and still beverages. This was driven by an increase in take-home packs, as well as good performances from Coca-Cola No Sugar and Coca-Cola Raspberry. During the year we launched Coca-Cola Stevia No Sugar, sweetened with 100 per cent stevia – a world first for the Coca-Cola System.

New Zealand also achieved revenue growth across all major channels, including in Grocery, where we maintained a strong promotional calendar and activation programs throughout the year.

In Fiji we achieved revenue and volume growth in both sparkling and stills across all channels, driven by a strong focus on execution, particularly through the Christmas period.

**Indonesia & Papua New Guinea** delivered revenue growth of 0.9 per cent on a constant currency basis led by modest volume growth of 1.0 per cent.

Despite the soft market conditions, weak currency and higher commodity prices impacting Indonesia's earnings, we achieved volume growth in each of the last three quarters of the year, driven by our strategy to increase the number and availability of smaller packs in our portfolio of beverages. We delivered volume growth in sparkling, water, tea and dairy categories for the year. We also improved value share in sparkling and held our ground in water and dairy. This was not enough, however, to offset the very weak first quarter and resulted in an EBIT decline for the year.

The Accelerate to Transform strategy is progressing well and continues to deliver value. This includes cost efficiencies combined with further investment in manufacturing and cold drink equipment, and the roll-out and refinement of our route-to-market model.

We continue to invest in the capabilities of our people through our training academy model as well as through our bespoke leadership training programs.

We achieved revenue growth in Papua New Guinea for the year, despite flat volumes. EBIT came in below expectations as the business cycled the pre-election stimulus and experienced operational challenges for most of the year. These issues were largely resolved by year-end.

**Alcohol & Coffee** delivered another strong result with 8.0 per cent revenue growth and 12.1 per cent underlying EBIT growth.

In Alcohol, we achieved volume growth and high single-digit revenue growth. Canadian Club was the standout for the year, delivering exceptional growth through effective marketing and strong execution. Paradise Beverages delivered revenue and volume growth in Fiji.

We invested in the business to build our capabilities and support our long-term growth initiatives. We also worked closely with our partners and our own brands to leverage opportunities across all categories. This included progressing our coffee business in Indonesia during the half and the expansion of international alcohol sales.

**Corporate & Services** delivered reduced earnings for the year due to lower earnings in the services and property divisions and investment in Amatil X and group capabilities.

**SPC** was not included in this segment because of the decision to divest the business, and has been treated as a discontinued operation in our result. The business recorded a \$10.4 million underlying EBIT loss before non-trading items for the year.

## Safety

Our unrelenting focus on safety and wellbeing continued throughout the year. Safety results by year-end 2018 showed that between 2012 and 2018, total employee injuries across the Group fell by 74 per cent and total days lost due to injury fell by 26 per cent.

That's great news, but there is always more to be done.

We believe that everyone has responsibility for delivering a safe work environment for themselves and their workmates and we are continuing to roll out programs that improve the skills, capabilities and confidence of our people in this area.

## Amatil X

Amatil X, our emerging possibilities platform, was launched in 2018 and is designed to identify, nurture and scale opportunities for growth beyond beverages and beverage packaging.

1 From continuing operations.

As part of this, our corporate accelerator program Xcelerate launched with 12 successful Founders participating in an intensive six-month program powered by start-up accelerator BlueChilli.

Work undertaken by AX Ventures, our multimillion-dollar corporate venturing program, also led to two minority share investments in Doshii and TabSquare – both tech start-ups delivering value to customers today and revenue growth for Coca-Cola Amatil into the future.

#### Executive Team

2018 has seen us strengthen our Group Leadership Team following a number of changes and new appointments.

Our interim Managing Director of Australian Beverages, Mr Peter McLoughlin (Pod) stepped down in January 2018 to take an extended period of sick leave. Sadly, Pod passed away later in the year. I want to recognise the huge contribution Pod made to the business and the beverages industry over the years, and to acknowledge our tremendous affection and respect for him. He distinguished himself as a straightforward and open leader who helped shape Australian Beverages' growth plans, and his unique combination of drive, care and good humour is greatly missed by all of us.

In April the position of Australian Beverages Managing Director was filled on a permanent basis by Peter West. Peter is a 30-year veteran in the food and beverages industries, and was previously Managing Director of Lion Dairy and Drinks. Peter's deep understanding of Australian and international FMCG is already delivering for Coca-Cola Amatil through the activation of the Accelerated Australian Growth plan, a refocusing of efforts towards "feet on the street".

Earlier in the year we strengthened our Group Leadership Team by appointing Debbie Nova as Chief Information Officer, Liz McNamara as Group Director of Public Affairs, Communications and Sustainability, and Kate Mason as Group Director, People and Culture. These internal appointments reflect our focus on growth, sustainability and people.

I want to recognise the outstanding contribution and dedication of all our employees in each of our businesses and locations. Your passion for our brands and our customers is inspiring. A big thank you to all the Coca-Cola Amatil team for taking the initiative and owning the outcome in so many ways during the year.

#### Outlook

2019 will be the second year of a two-year transition phase for the Group.

In Australian Beverages, we will be positioned for growth in 2020, with the completion of the additional \$10 million of investment in our Accelerated Australian Growth Plan to increase our sales force and, with the container deposit schemes in NSW and Queensland substantially embedded by the end of 2019.

In Indonesia, we are encouraged by the volume growth we delivered from April 2018 and will continue to deliver our Accelerate to Transform strategy with additional direct marketing expenditure to be invested in 2019. However macroeconomic conditions, a weak Indonesian Rupiah, higher commodity costs and current consumer spending trends are expected to continue.

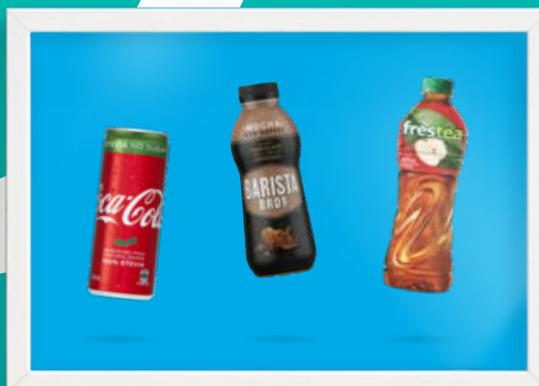
Our New Zealand & Fiji, Papua New Guinea and Alcohol & Coffee businesses are expected to deliver growth in line with our Shareholder Value Proposition.

In line with the outlook provided in November 2018, an EBIT loss of \$10-12 million is expected for Corporate & Services. This is due to lower property rental and services earnings, increased Group capability and investment in IT platforms.

We remain committed to our Shareholder Value Proposition and we target a return to delivery of mid-single digit earnings per share growth from 2020.

As we've said before, achieving this target will depend on the success of our revenue growth initiatives in Australia, Indonesian economic factors, and the regulatory conditions in each of our markets.

**Alison M. Watkins**  
Group Managing Director



# BOARD OF DIRECTORS



**ILANA RACHEL ATLAS, AM**  
CHAIRMAN, NON-EXECUTIVE DIRECTOR (INDEPENDENT)

**Joined the Board in February 2011:**

Chairman, Related Party Committee and Nominations Committee, and Member, People Committee, Audit & Finance Committee and Risk & Sustainability Committee.

**Skills and Experience:** Ms Atlas has extensive financial and legal experience and has held executive and non-executive roles across many industry sectors. From 2003 to 2010, she held senior executive roles within Westpac Banking Corporation, including Group Secretary and General Counsel; and Group Executive, People where she was responsible for human resources, corporate affairs and sustainability.

Prior to working at Westpac Banking Corporation, Ms Atlas was a partner in law firm Mallesons Stephen Jaques (now known as King & Wood Mallesons). In addition to her practice in corporate law, she held a number of management roles in the firm including Executive Partner, People and Information, and Managing Partner.

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

**Other Listed Company Boards in the past three years:** Director, Australia and New Zealand Banking Group Limited; Director, OneMarket Limited; Former Director, Westfield Corporation Limited (retired on 7 June 2018)

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



**ALISON MARY WATKINS**  
GROUP MANAGING DIRECTOR, EXECUTIVE DIRECTOR

**Appointed in March 2014**

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

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

**Government & Community Involvement:** Director, Centre for Independent Studies and the Business Council of Australia; Independent Panel Member of the 2018/2019 Independent Review of the Australian Public Service.



**MARK GRAHAM JOHNSON**  
NON-EXECUTIVE DIRECTOR (INDEPENDENT)

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

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

**Degrees:** Bachelor of Commerce (The University of New South Wales); Fellow, Chartered Accountants Australia and New Zealand; CPA Australia; and Fellow, Australian Institute of Company Directors.

**Other Listed Company Boards in the past three years:** Chairman, G8 Education Limited, Westfield Corporation Limited (retired on 7 June 2018).

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

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



**MASSIMO (JOHN) BORGHETTI, AO**  
NON-EXECUTIVE DIRECTOR (INDEPENDENT)

**Joined the Board in December 2015:**

Chair, People Committee, and Member, Risk & Sustainability Committee, Related Party Committee and Nominations Committee

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

**Other Listed Company Boards in the past three years:** Managing Director, Virgin Australia Holdings Limited.

**Government & Community Involvement:** Director of the Art Gallery of NSW Board of Trustees.



**PAUL DOMINIC O'SULLIVAN**  
NON-EXECUTIVE DIRECTOR (INDEPENDENT)

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

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

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

**Other Listed Company Boards in the past three years:** Director, Healthscope Limited.

**Other Boards:** Chairman, Singtel Optus Pty Limited; Chairman, Western Sydney Airport Corporation, Board of Commissioners, Telkomsel (Indonesia); and HOOQ Digital Pte. Ltd.

**Government & Community Involvement:** Director, St George & Sutherland Medical Research Foundation; Member of the Board, National Disability Insurance Agency.



### CATHERINE MICHELLE BRENNER

NON-EXECUTIVE DIRECTOR (INDEPENDENT)

**Joined the Board in April 2008:**

Chair, Risk & Sustainability Committee, and Member, Audit & Finance Committee, Related Party Committee and Nominations Committee.

**Skills and Experience:** Ms Brenner has extensive investment banking and public company experience. She has been a public Company Director for 15 years in the financial services, building materials, resources, property and biotech sectors including chairing remuneration, nominations, audit, risk and health and safety committees.

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

**Other Listed Company Boards in the past three years:** AMP (retired on 30 April 2018); Boral Limited (retired on 30 October 2018).

**Government & Community Involvement:** Panel Member, Adara Partner; Director, SCEGGS Darlinghurst Limited.



### JULIE ANN COATES

NON-EXECUTIVE DIRECTOR (INDEPENDENT)

**Joined the Board in March 2018:**

Member, Related Party Committee, People Committee and Nominations Committee.

**Skills and Experience:** Ms Coates is currently the Managing Director of Goodman Fielder Australia and Goodman Fielder New Zealand. Previous to this role, she held several senior roles at Woolworths Limited, including Managing Director of Big W, Chief Logistics Officer and Human Resources Director. She worked closely on business strategy and major transformational change programs, delivering strong results at both a divisional and group level. As a member of Woolworths Limited's Management Board, she had extensive experience with financial and management accountability.

**Degrees:** Bachelor of Arts and Diploma of Education (University of Melbourne), and the Advanced Management Program (Harvard University).

**Other Listed Company Boards in the past three years:** Director, Spotless Group Holdings Limited (retired July 2017).



### KRISHNAKUMAR THIRUMALAI

NON-EXECUTIVE DIRECTOR (NOMINEE OF TCCC)

**Joined the Board in March 2014:**

Member, Risk & Sustainability Committee, Nominations Committee and People Committee.

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

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

**Other Boards:** Chairman, Coca-Cola (India) Pvt. Ltd.

**Government & Community Involvement:**

Chairman, MNC Committee of the Confederation of Indian Industry.



### JORGE GARDUÑO

NON-EXECUTIVE DIRECTOR (NOMINEE OF TCCC)

**Joined the Board in May 2018:** Member, Audit & Finance Committee, Risk & Sustainability Committee and Nominations Committee.

**Skills & Experience:** Mr Garduño is the President and Representative Director of Coca-Cola Japan, a subsidiary of The Coca-Cola Company, and has held that role since 1 July 2017.

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

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

# GROUP LEADERSHIP TEAM



## ALISON WATKINS

GROUP MANAGING DIRECTOR

**Appointed in March 2014**

Prior to joining Coca-Cola Amatil, Alison's roles included Chief Executive Officer (CEO) of agribusiness GrainCorp Limited, CEO of Berri Limited, the market leader in Australian juice, and Managing Director of Regional Banking at ANZ. Alison spent 10 years at McKinsey & Company from 1989-1999 and became a partner of the Firm in 1996 before moving to ANZ as Group General Manager Strategy, reporting to the CEO. She has been a non-executive director of Australia and New Zealand Banking Group Limited, Woolworths Limited and Just Group Limited; and is a former Victorian President and National Board Member of the Australian Institute of Company Directors.

Alison holds a Bachelor of Commerce (University of Tasmania), is a Fellow of the Institute of Chartered Accountants, the Financial Services Institute of Australasia, and the AICD. She is a non-executive director of The Centre for Independent Studies and of the Business Council of Australia; and an Independent Panel Member of the 2018/2019 Independent Review of the Australian Public Service.



## MARTYN ROBERTS

GROUP CHIEF FINANCIAL OFFICER

**Appointed in July 2015**

Martyn joined Coca-Cola Amatil from Woolworths Ltd, Australia's largest retailer. In his seven years with Woolworths, Martyn held several senior executive positions including Finance Director Supermarkets, General Manager Petrol, General Manager Corporate Strategy & Business Development and Group Financial Controller & Head of Investor Relations. Prior to Woolworths, he spent 10 years in various senior financial roles within the fashion and luxury goods sector in Sydney, London, Hong Kong and Paris.

After gaining a Bachelor of Science in Mathematics from the University of York, Martyn started his career with Coopers and Lybrand in the UK where he became a member of the Institute of Chartered Accountants of England and Wales.



## BETTY IVANOFF

GROUP GENERAL COUNSEL

**Appointed in April 2016**

Betty joined Coca-Cola Amatil as Group General Counsel in April 2016, as a member of the executive, leading the legal and company secretariat teams across Coca-Cola Amatil's markets and operations. Betty was also appointed as an additional Company Secretary in September 2016. Prior to joining Coca-Cola Amatil, Betty was the Group General Counsel and Company Secretary for GrainCorp Limited from 2008 and built the first legal and compliance team for the company, leading them through a period of vast growth and diversity, spanning many countries. Betty previously held internal corporate counsel positions with companies including CSR Limited, Walter Constructions and Sinclair Knight Merz.

Betty holds a Bachelor of Laws from the University of Technology Sydney. She is an active member of the International Bar Association (IBA) and Australian Corporate Counsel (ACC).



## PETER WEST

MANAGING DIRECTOR, AUSTRALIAN BEVERAGES

**Appointed in April 2018**

Peter joined Coca-Cola Amatil in April 2018, from Lion Pty Ltd where he was Managing Director of the Dairy and Drinks business. With more than 30 years of industry experience, Peter has held several senior roles at Mars Confectionery and Arnott's Biscuits Ltd including Regional President for Continental Europe for Mars Chocolate. He has a deep understanding of Australian and international FMCG, and a proven ability to work with customers and partners to drive growth and deliver results.

Peter holds a Bachelor of Business (Marketing) from Monash University Caulfield.



## SHANE RICHARDSON

MANAGING DIRECTOR, ALCOHOL & COFFEE

**Appointed in November 2013**

Shane began his career in the beverage industry over 25 years ago and has gained significant experience in both the alcohol and non-alcohol sectors of the market. Prior to joining Coca-Cola Amatil, Shane was the Managing Director of Campari Australia where he led the business to a period of strong market and financial performance. He also held a number of senior management roles within the Fosters business and is well respected for his ability to lead high performance teams to deliver impressive results.

Shane holds a Bachelor of Commerce (Marketing) from the University of Western Sydney and is a Director of the Drinks Association and Alcohol Beverages Australia.



## KADIR GUNDUZ

MANAGING DIRECTOR, INDONESIA & PNG

**Appointed in October 2013**

Kadir has extensive experience with the Coca-Cola System having started his 29-plus year career with the bottler in his home country of Turkey. Most recently, as President and CEO of Aujan Coca-Cola Beverages Co. based in Dubai, Kadir delivered impressive market and financial results through both expansion and organic growth in a number of markets. Previously Kadir spent almost three years with Coca-Cola Hellenic Bottling Company in Russia as Regional Director for South and Central Russia, followed by seven years with Coca-Cola South African Bottling Company in several senior leadership positions, including Country Manager - Tanzania, Regional Manager - SWA/Cambodia & Laos, and Division Director - Asia covering Vietnam, Cambodia, Laos, Nepal and Sri Lanka.

Kadir holds a Bachelor degree in Political Science/ Public Management from Istanbul University.



## CHRIS SULLIVAN

GROUP DIRECTOR, PARTNERS & GROWTH

**Appointed in June 2017**

Chris is Coca-Cola Amatil's Group Director, Partners and Growth. His responsibilities include driving strategic alignment with Coca-Cola Amatil's key brand partners and finding new pathways for growth. Prior to his current role, Chris held the position of Chief Procurement Officer and has over 10 years' experience in the Coca-Cola system, having joined Coca-Cola Amatil in October 2008.

Chris has enjoyed an international career working across different continents in CPG (Mars), retail (Chrisco Hampers) and management consulting (Coopers & Lybrand, Portland Group), displaying a passion for leadership and developing people. His experience spans a number of functional areas including procurement, supply chain, sales, marketing, finance, innovation and sustainability.

Chris holds a Bachelor of International Management from the University of Bath (UK), and is a qualified management accountant (CIMA).



## DEBBIE NOVA

GROUP CHIEF INFORMATION OFFICER

**Appointed in January 2018**

Debbie was appointed to the new role of Group Chief Information Officer in January 2018. Her responsibilities include directing IT strategy across the Coca-Cola Amatil Group, and leveraging innovation and new technologies to enable further business growth.

Debbie has more than 20 years' experience in the Coca-Cola system, joining Coca-Cola Amatil in October 1996 during the deployment of sales and distribution systems in Indonesia. In November 2009 she joined the Indonesia Executive Team as Information Technology Director. In addition to her Information Technology role, in October 2015 Debbie was appointed to lead the HR function for Indonesia and was lead PMO for major company transformation initiatives in Indonesia. Since then, Debbie has led the introduction and implementation of IT solutions covering master data, Enterprise Resource Planning, business intelligence and mobile computing.

Debbie holds a Bachelor of Industrial Engineering from Trisakti University and she is a member of the Steering Committee of iCIO Community in Indonesia.



## KATE MASON

GROUP DIRECTOR, PEOPLE & CULTURE

**Appointed in March 2018**

Kate joined Coca-Cola Amatil in 2014 as Human Resources Director for Australia, and became Chief Transformation Officer for Australian Beverages in December 2016. In her current role as Group Director People and Culture, Kate leads a team of functional experts across all aspects of People and Culture and Business Continuity including leadership, talent, diversity, inclusion, health, safety, security and business continuity.

Kate began her career as a business graduate with Arthur Andersen in Sydney and from there, moved offshore for many years holding leadership roles in Singapore, London, New York and Zurich in companies such as Austrade, TST Learning, Credit Suisse and most recently, Amcor.

Kate is also President of International Women's Forum in Australia, Chairman of the NSW Advisory Board for the Starlight Children's Foundation and a Board Member of the Coca-Cola Australia Foundation. She is an accomplished, inclusive and passionate leader with significant experience in senior human resource, talent, safety, communications, innovation, culture and transformation roles.

Kate holds a Bachelor of Arts (Administration) and is a Graduate of the Australian Institute of Company Directors.



## CHRIS LITCHFIELD

MANAGING DIRECTOR, NEW ZEALAND & FIJI

**Appointed in July 2014**

Chris has 26 years' experience with Coca-Cola Amatil. Beginning his career as a graduate, Chris held a number of sales and commercial roles before his appointment to General Manager of Sales and Marketing in 2007, a role he held until 2014. Chris has a proven track record of strong business leadership, customer management, new business acquisition and commercial planning. As Managing Director of New Zealand & Fiji, Chris has led a highly engaged workforce to deliver five years of profit growth.

Chris holds a Bachelor of Commerce from Canterbury University.



## LIZ MCNAMARA

GROUP DIRECTOR, PUBLIC AFFAIRS, COMMUNICATIONS & SUSTAINABILITY

**Appointed in March 2018**

Liz joined Coca-Cola Amatil in 2015 and has more than 20 years' experience across five industries. She has extensive experience in strategic planning and execution, commercial issues management, corporate reputation and infrastructure. In her role at Coca-Cola Amatil, Liz leads a team of functional experts with responsibility for the Group's corporate reputation and brand, government, community and industry engagement, internal and external communications, issues management, digital channels' development and management, sustainability and company events.

Before joining Coca-Cola Amatil, Liz was Head of Corporate Affairs for South32 Ltd and Head of Corporate Affairs for BHP's Energy Coal Business. Prior to joining BHP, Liz was Deputy Director General of the NSW Ministry of Transport and held positions in project finance and advisory with Macquarie Group.

Liz has a Bachelor of Economics (Hons) from Sydney University and is a Graduate of the Australian Institute of Company Directors.

# CORPORATE GOVERNANCE

Coca-Cola Amatil's approach to corporate governance goes beyond compliance. Both the Board and all levels of management are fully committed to achieving the highest standards in the areas of corporate governance and business conduct. We see this commitment as fundamental to contributing to Coca-Cola Amatil's vision of creating millions of moments of happiness and possibilities every day.

## Corporate Governance Statement

Under ASX Listing Rule 4.10.3, Coca-Cola Amatil is required to benchmark its corporate governance practices against the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations, 3rd edition (ASX Governance Recommendations)*.

Coca-Cola Amatil confirms that it has complied with all the ASX Governance Recommendations for the period 1 January 2018 to 31 December 2018 (FY2018), as outlined in our 2018 Corporate Governance Statement and Appendix 4G, which can be found at [www.ccamatil.com/our-company/corporate-governance/](http://www.ccamatil.com/our-company/corporate-governance/).

The Corporate Governance Statement has been approved by the Board, and lodged with the ASX, together with its accompanying Appendix 4G.

## Coca-Cola Amatil's Corporate Governance Framework

The diagram below illustrates Coca-Cola Amatil's corporate governance framework.

### The Board and Its Role

The Board represents and serves the interests of Coca-Cola Amatil's shareholders and has the ultimate responsibility for managing Coca-Cola Amatil's business and affairs to the highest standards of corporate governance and business conduct. The Board also strives to protect and optimise Coca-Cola Amatil's performance and build sustainable value for shareholders in accordance with applicable duties and obligations and within a framework of prudent and effective controls that enable risks to be assessed and managed.

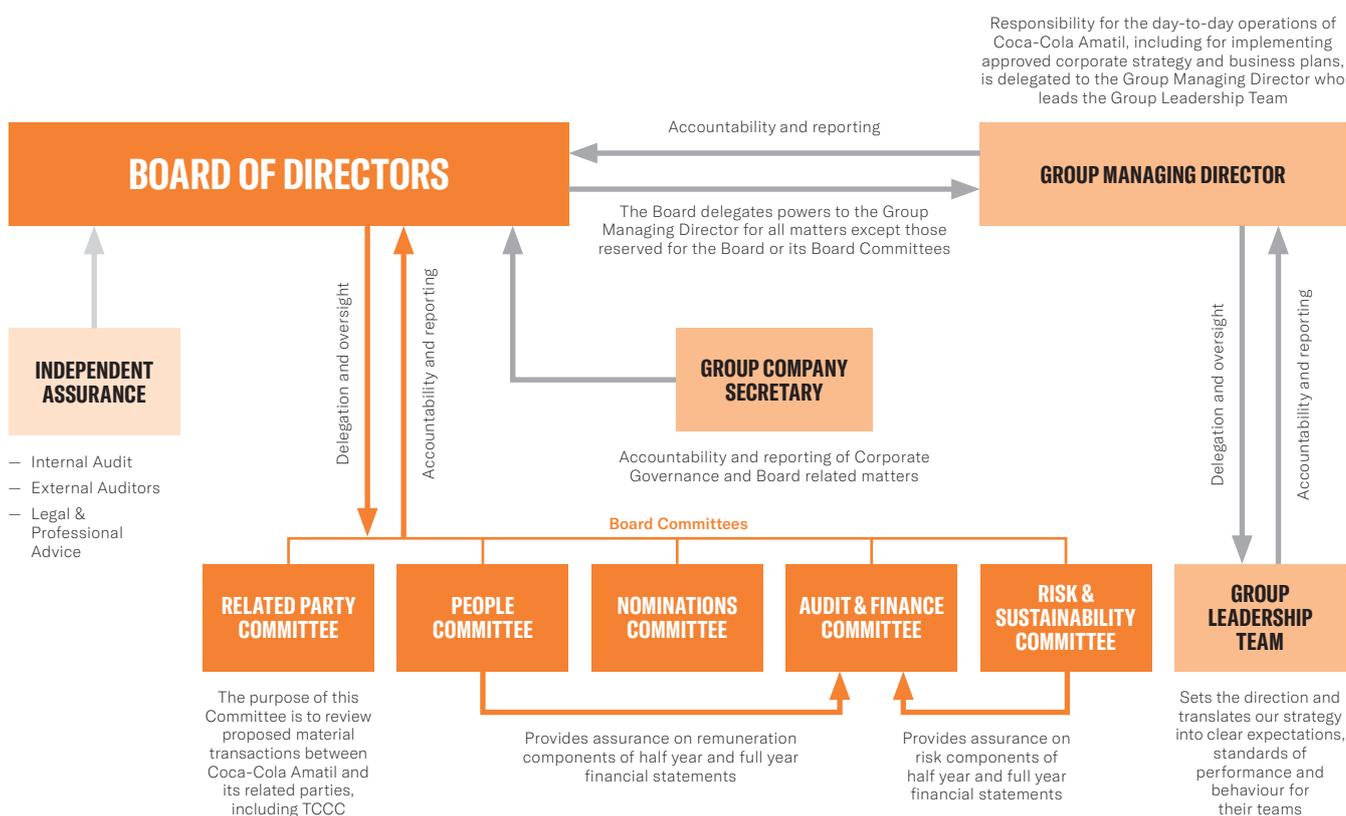
The role and responsibilities of the Board, including the matters that are reserved to the Board or its Board Committees, are set out in Coca-Cola Amatil's Board Charter, which can be found at [www.ccamatil.com/our-company/corporate-governance/](http://www.ccamatil.com/our-company/corporate-governance/).

## Structure and Composition of the Board

The Board currently consists of one Executive Director (i.e. the Group Managing Director), two Non-Executive Directors (i.e. The Coca-Cola Company Nominee Directors) and six Independent Non-Executive Directors. Details of the qualifications and experience of each current Director are set out on pages 10 and 11.

The Nominations Committee is responsible for ensuring that the Board is comprised of Directors who collectively have the skills, experience, knowledge and diversity needed to support the Company's strategic objectives and fulfil its legal and regulatory requirements. The Board Skills Matrix (Skills Matrix) is an important tool in this process.

The Skills Matrix (as shown to the right) sets out the key skills and experience that the Board is looking to have in its membership, together with the details of those skills that each Director brings to the Board. Each year, the Skills Matrix is reviewed and amended as appropriate, and each Director then undertakes a self-assessment against that Skills Matrix to identify their skill level against each skill. These self-assessments



are consolidated and reviewed by the Board, with the Board determining its position on each Directors' self-assessment, and identifying any skill gaps and/or opportunities to be targeted in future appointments to the Board and professional development initiatives for Directors.

The result of the FY2018 Skills Matrix review and assessment process is set out in the table to the right.

### Performance Evaluation Process

The performance evaluation process for the Board, Board Committees, individual Directors and KMP Senior Executives is set out in the Corporate Governance Statement. The remuneration policies and practices for Non-Executive Directors differ from those that apply to the Group Managing Director and other KMP Senior Executives, given the different roles and responsibilities of Non-Executive Directors.

### Board Committees

The Board has five standing Board Committees (Committees) to assist in the discharge of its responsibilities. These are the:

- Audit and Finance Committee;
- Nominations Committee;
- People Committee;
- Risk and Sustainability Committee; and
- Related Party Committee

The Committees operate principally in a review or advisory capacity, except in cases where powers are specifically conferred on a Committee by the Board. Each Committee has a Charter, detailing its purpose and responsibilities and membership criteria.

### Diversity and Inclusion

At Coca-Cola Amatil, we believe that the diversity of our business, markets, customers and people is a critical factor for our growth and ongoing success. Our strategy is built on the foundation of a strong organisation – and that is one where we celebrate the possibilities that a vibrant, diverse and inclusive workforce creates.

Through taking this broad approach, we build a team of people with different backgrounds, opinions and experiences who bring their differences to work every day to deliver growth and build a stronger organisation. Our Diversity and Inclusion strategy and principles aim to leverage our diversity and scale to deliver business outcomes and ensure our people feel engaged and valued.

## BOARD SKILLS MATRIX



### Risk Framework

The Board is responsible for ensuring that there are adequate systems and procedures in place to identify, assess, monitor and manage risks. The Risk and Sustainability Committee reviews reports by management (and independent advisers, where appropriate) during the year and, where appropriate, makes recommendations to the Board in respect of the material risks that Coca-Cola Amatil faces in the markets in which it operates. Other Committees (such as the Related Party Committee, the Audit and Finance Committee and the People Committee) review risk matters in more detail as required by their respective Charters.

The Board has established a Risk Management Policy that formalises Coca-Cola Amatil's approach to the oversight and management of material business risks. The Risk and Sustainability Committee reviews the Risk Management Policy and the enterprise risk framework at least annually. The Risk and Sustainability Committee conducted this review during FY2018 and was satisfied that Coca-Cola Amatil's risk management framework continues to be sound.

The internal and external audit functions, which are separate and independent of each other, provide an independent and objective review of Coca-Cola Amatil's risk assessment and risk management. In order to preserve this independence, the General Manager – Risk, who is the head of the internal audit function, has a direct reporting line to the Chairman of the Audit and Finance Committee.

### Coca-Cola Amatil Policies and Practices

The Coca-Cola Amatil Code of Conduct – "How We Do Business" (Our Code of Conduct) was updated by the Board in 2017. It sets out the way in which our Directors, employees, contractors, consultants and third parties are required to conduct themselves every day. The document articulates our high standards of business conduct, built on our commitment to act fairly, morally and lawfully with all stakeholders.

The main Group level policies relevant to conduct can be found at [www.ccamatil.com/our-company/corporate-governance/](http://www.ccamatil.com/our-company/corporate-governance/).

### Communication with Shareholders

The rights of Coca-Cola Amatil's Shareholders are detailed in Coca-Cola Amatil's Constitution. Coca-Cola Amatil also has a Disclosure and Communication Policy, which requires that shareholders be informed about strategic objectives and major developments. To allow Shareholders to effectively exercise these rights, the Board is committed to ensuring communication to Shareholders is of high quality, the information is relevant and useful, and it is communicated in a timely manner.

Coca-Cola Amatil is committed to keeping Shareholders informed and improving accessibility to Shareholders through ASX announcements, Company publications such as the Annual Report, the Sustainability Report, webcasting analyst and media briefings, the Annual General Meeting, the website ([www.ccamatil.com](http://www.ccamatil.com)) and the Investor Relations function.

# HERE'S HOW WE DID

## OPERATING & FINANCIAL REVIEW

Coca-Cola Amatil Limited and its subsidiaries  
For the year ended 31 December 2018



# PRINCIPAL ACTIVITIES

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

As both brand partner and brand owner, we operate across six countries – Australia, New Zealand, Indonesia, Papua New Guinea, Fiji and Samoa – to manufacture, distribute and sell an unrivalled range of beverages, coffee and ready-to eat food snacks.

With decades of experience, we do this safely and responsibly, and are proud that our products delight millions of people every day.

With access to more than 270 million potential consumers through more than 880,000 active customers, our product range includes non-alcoholic sparkling beverages, spring water, sports and energy drinks, fruit juices, iced tea, flavoured milk, coffee, tea, beer, cider and spirits.

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

We employ around 12,000 people and create thousands more jobs in the communities in which we operate. Across this team we work as one, united by a shared Vision and common Values. We know that our diverse workforce is our greatest strength, and makes us the vibrant company we are today.

## OUR VISION

### EVERY DAY WE CREATE MILLIONS OF MOMENTS OF HAPPINESS AND POSSIBILITIES.

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

#### FOR OUR CONSUMERS

we delight with an exceptional portfolio of brands, always within arm's reach

#### WE CREATE VALUE

with our Partners, built on common purpose

#### WITH OUR CUSTOMERS

we build unrivalled shared value and generate growth

#### IN OUR COMMUNITY

we make a distinctive and positive contribution to the world we live in

#### WE DRIVE

productivity and a lean agile cost structure

#### FOR OUR SHAREHOLDERS

we deliver attractive sustainable returns

## OUR VALUES

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

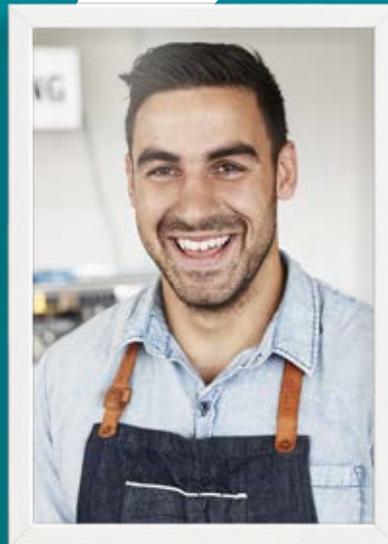
#### WE ARE STRAIGHTFORWARD AND OPEN

#### WE TAKE INITIATIVE AND OWN THE OUTCOME

#### WE FOCUS ON TODAY AND TOMORROW

# OUR GROUP STRATEGY

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



PERFORM

GROW

STRONG  
ORGANISATION

## PERFORM

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

### LEAD

#### Strengthening Category Leadership Position

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

### EXECUTE

#### Step Change in Productivity and In-Market Execution

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

### PARTNER

#### Better Alignment with The Coca-Cola Company and Our Other Partners

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

## GROW

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

### GROWTH WITHIN

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

### GROWTH BETWEEN

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

### GROWTH BEYOND

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

## STRONG ORGANISATION

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

### FIT FOR PURPOSE

#### Develop a Fit For Purpose Organisational and Governance Structure

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

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

### LEADERSHIP

#### Drive Leader-Led Growth

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

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

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

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

### TRUST AND REPUTATION

#### Build Trust and Our Reputation with Stakeholders

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

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

# OUR SHAREHOLDER VALUE PROPOSITION

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

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

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

## INVESTMENT CASE

### **Predominantly a Coca-Cola Franchisee with Leading Brands**

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

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

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

### **Route-To-Market with Scale and Reach**

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

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

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

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

### **Large-Scale, Modern, Low-Cost Infrastructure**

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

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

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

### **Steady Cash Flow From Core Australia and New Zealand Franchises**

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

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

### **Growth Opportunities Including Indonesia and Alcohol & Coffee Providing Upside**

Our developed markets are supported by our increasingly strong market position in our Alcohol & Coffee business, and in our Indonesian business in the medium term.

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

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

## EBIT DRIVERS

### **Revenue Growth and Continuous Cost Focus Across The Group**

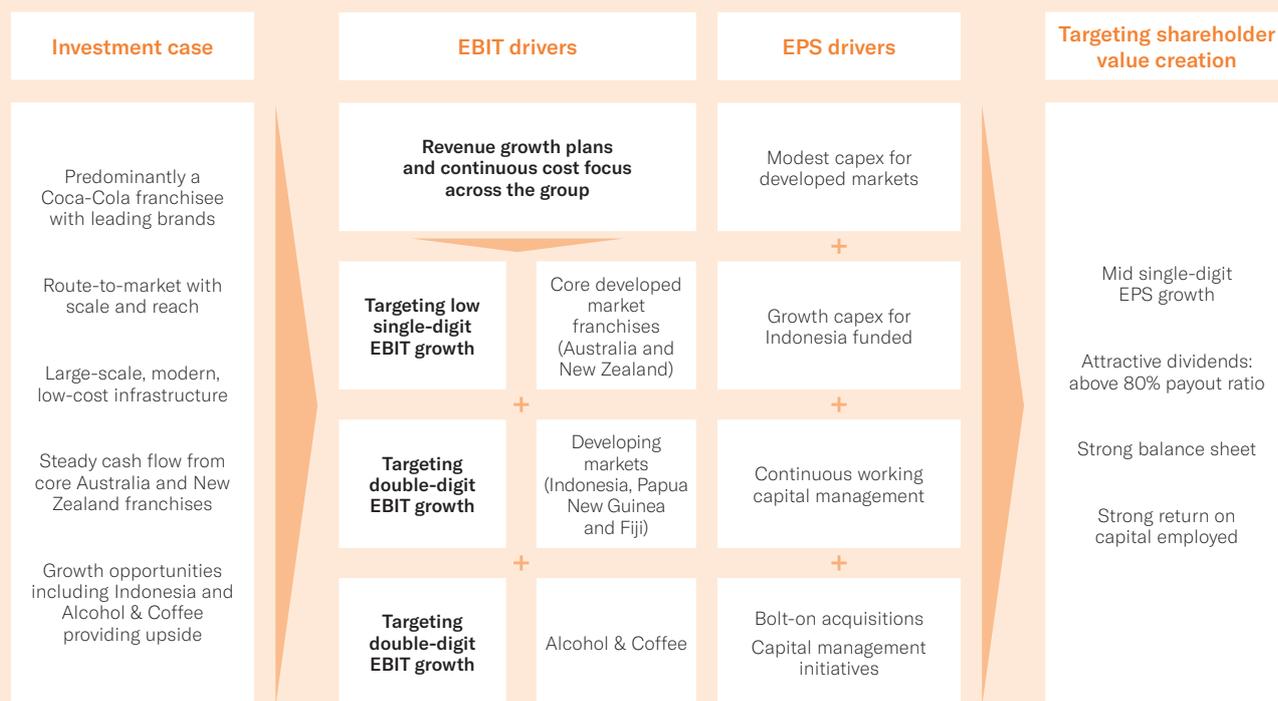
Revenue growth and continuous cost focus form the foundations of our business plans. These are two important building blocks underpinning our ability to grow earnings and cash flow.

### **Appropriate EBIT Targets**

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

“  
**IT IS A TANGIBLE DEMONSTRATION OF OUR COMMITMENT TO BEING ACCOUNTABLE TO OUR SHAREHOLDERS.**  
”

## SHAREHOLDER VALUE PROPOSITION



### EPS DRIVERS

#### Capex

We allocate modest capex for our developed markets with the view to maximising returns for our shareholders. We are presently investing additional capital in Australia as we reconfigure our supply chain. Indonesia remains an exciting growth market and we are investing in this market to maximise its potential, with sufficient funds for capital investment through to around 2020 depending on volume growth.

#### Working Capital Management

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

#### Bolt-On Acquisitions and Capital Management Initiatives

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

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

### TARGETING SHAREHOLDER VALUE CREATION

#### Mid Single-Digit EPS Growth

The aggregation of all these elements underpins our target of returning to mid-single-digit underlying EPS growth from 2020 and beyond.

#### Attractive Dividends

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

#### Strong Balance Sheet and Return on Capital Employed

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

We expect to maintain a strong return on capital employed.

# OUR BRAND PARTNERS



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

## OUR RELATIONSHIP WITH THE COCA-COLA COMPANY

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

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

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

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

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

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

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

### Raw Materials

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

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

### Marketing

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

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

### Restrictions & Consents

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



## OUR RELATIONSHIPS WITH ADDITIONAL BRAND PARTNERS

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

### NON-ALCOHOLIC BEVERAGES

#### Monster

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

#### Made Group

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

#### Organic & Raw Trading Co

In October 2018 Coca-Cola Amatil entered an agreement to sell and distribute the Kombucha brand Mojo following the acquisition of Organic & Raw Trading Co by The Coca-Cola Company in September 2018.

### ALCOHOLIC BEVERAGES

#### Beam Suntory

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

#### Molson Coors International

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

#### Casella Family Brands And Australian Beer Company

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

#### C&C Group

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

#### Abro

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

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

#### Boston Beer Company

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

### COFFEE

#### Caffitaly

In 2017 we enhanced our relationship with Caffitaly by securing the exclusive right to import and sell coffee machines and a range of our coffee brands in Indonesia. In 2018 we expanded this relationship by extending the exclusive Master Supply Agreement to include the sales and distribution of machines and coffee capsules, under the Grinders Café Espresso system in Australia.

#### Rancilio

In 2010, Grinders Coffee commenced a long-term relationship with Rancilio Group to become the Australian distributor of Rancilio professional coffee machines. A leading coffee equipment manufacturer, Rancilio Group is widely acclaimed for technologically advanced coffee machines, both traditional and fully automatic, as well as instant and electronic doser grinders.

# GROUP PERFORMANCE

## Overview

2018 was a transition year for the Group, with earnings impacted by the planned investment in our Accelerated Australian Growth Plan and the implementation of container deposit schemes, and compounded by economic factors in Indonesia and operational challenges in Papua New Guinea.

Earnings per share (EPS) from continuing operations declined by 3.9 per cent on an underlying<sup>1</sup> basis while EPS from continuing operations declined 7.0 per cent.

Trading revenue from continuing operations increased by 1.1 per cent while underlying<sup>1</sup> EBIT from continuing operations was at \$634.5 million, down 6.5 per cent.

Underlying<sup>1</sup> net profit after tax (NPAT) from continuing operations was down 6.5 per cent at \$388.3 million while statutory NPAT from continuing operations declined 9.7 per cent to \$401.5 million.

Including the \$146.9 million impairment of SPC (before tax), statutory NPAT was \$279.0 million, down 37.3 per cent.

The FY18 result includes another strong year from the New Zealand and Fiji businesses. The New Zealand & Fiji segment delivered revenue growth of 6.9 per cent, with volume growth of 6.1 per cent and EBIT growth of 7.3 per cent. New Zealand grew revenue, volume and EBIT, and gained value share in sparkling and still beverages

despite cycling a strong FY17 and unfavourable weather in December. Fiji delivered revenue and volume growth in sparkling and still beverages and across all channels.

We are very pleased with our performance in Alcohol & Coffee, which achieved another year of double-digit EBIT growth at 12.1 per cent and grew revenue by 8.0 per cent while also funding investments in a number of future growth initiatives.

In Australian Beverages, there are encouraging signs as many of our initiatives gain traction. This resulted in improving volume trajectory and volume share gains. Earnings reflected additional investment in our Accelerated Australian Growth Plan and were impacted by the implementation of container deposit schemes.

Despite soft market conditions in Indonesia, weakness in the Rupiah against the US Dollar and higher commodity prices impacting Indonesia's earnings, there were some encouraging signs with volume growth from April onwards. We have continued to deliver efficiency savings; however, this has not been sufficient to deliver EBIT growth for the year. In Papua New Guinea we were cycling the pre-election stimulus in 2017 and also experienced some logistics and manufacturing challenges during the year, although these were largely resolved by the end of the year. Overall EBIT for the segment declined by 6.4 per cent or 5.0 per cent on a constant currency basis<sup>2</sup>.

Earnings for SPC and our Corporate & Services segment declined in line with the outlook we provided at our Investor Day in November 2018. For Corporate & Services, this reflected lower earnings in the property division, investment in our Amatil X program and investment in Group capabilities.

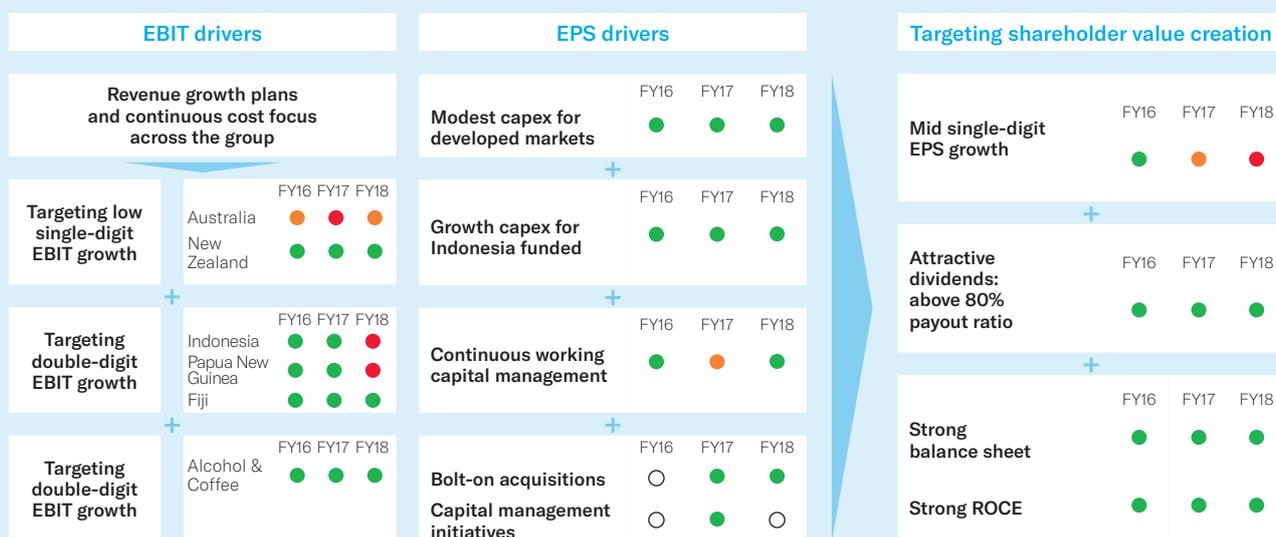
Our return on capital employed (from continuing operations) remains strong at 20.1 per cent. Working capital decreased by \$52.6 million (continuing operations basis) due to a favourable change to our year-end balance date which fell on a weekday this year resulting in lower debtors, and improved supplier management.

Our net debt position reduced to \$1,327.8 million. Net debt remains below 2014 levels and we continue to maintain strong underlying EBIT interest coverage at 8.8 times.

We have declared a 26.0 cents per share final dividend for the year, representing a payout ratio of 87.6 per cent for the full year on an underlying basis from continuing operations. The dividend will be franked at 50 per cent and we have sufficient free cash flow to cover the dividend payments.

With a sharpened Accelerated Australian Growth Plan for Australian Beverages, a stronger Accelerate to Transform plan in Indonesia, and good momentum in other markets, we are confident we have the right plans in place to deliver on our targets.

## PERFORMANCE AGAINST OUR SHAREHOLDER VALUE PROPOSITION



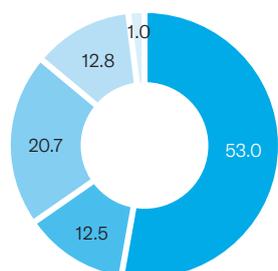
## GROUP FINANCIAL SUMMARY

Summarised Income Statement	2018 \$M	2017 \$M
<b>Continuing Operations</b>		
Trading revenue	4,752.3	4,700.4
<b>EBIT (before non-trading items)</b>	<b>634.5</b>	<b>678.3</b>
Net finance costs (before non-trading items)	(72.5)	(68.8)
Income tax expense (before non-trading items)	(160.7)	(178.2)
Non-trading items after tax	13.2	29.0
Non-controlling interests	(13.0)	(15.8)
<b>Profit – attributable to Coca-Cola Amatil shareholders from continuing operations</b>	<b>401.5</b>	<b>444.5</b>
Result from discontinued operation after tax	(122.5)	0.7
<b>Profit – attributable to Coca-Cola Amatil shareholders</b>	<b>279.0</b>	<b>445.2</b>
<b>Other Performance Measures</b>		
Dividends per share (cents)	47.0	47.0
Franking per share (%) (final dividend)	50.0	70.0
Basic and diluted earnings per share from continuing operations (before non-trading items) (cents)	53.6	55.8
Basic and diluted earnings per share from continuing operations (cents)	55.5	59.7
Basic and diluted earnings per share (cents)	38.5	59.8
EBIT from continuing operations (before non-trading items) interest cover (times)	8.8	9.9
Return on capital employed from continuing operations (%)	20.1	21.6
Operating cash flow from continuing operations (before non-trading items) (\$M)	705.6	644.2
Free cash flow from continuing operations (before non-trading items) (\$M)	419.0	451.2
Capital expenditure/trading revenue (%) from continuing operations	6.7	6.3
<b>Summarised Balance Sheet (total group)</b>		
Net assets	1,900.0	1,762.4
Net debt	1,327.8	1,337.2
Assets and liabilities – operating and investing (capital employed) – continuing operations	3,227.8	3,099.6
Assets and liabilities – discontinued operation	–	117.9
Assets and liabilities – operating and investing (capital employed)	3,227.8	3,217.5

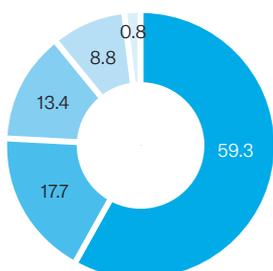
## SEGMENT RESULTS OVERVIEW

Continuing Operations Underlying EBIT (\$ million)	2018 \$M	2017 \$M	Variance %	Variance – constant currency <sup>2</sup> %	Volume %
Australian Beverages	376.1	412.6	(8.8)		50.4
New Zealand & Fiji	112.4	104.8	7.3	6.5	12.3
Indonesia & Papua New Guinea	85.1	90.9	(6.4)	(5.0)	37.3
Alcohol & Coffee	55.7	49.7	12.1	12.1	
Corporate & Services	5.2	20.3	(74.4)		
<b>Underlying EBIT</b>	<b>634.5</b>	<b>678.3</b>	<b>(6.5)</b>	<b>(6.4)</b>	<b>100.0</b>

Trading Revenue %



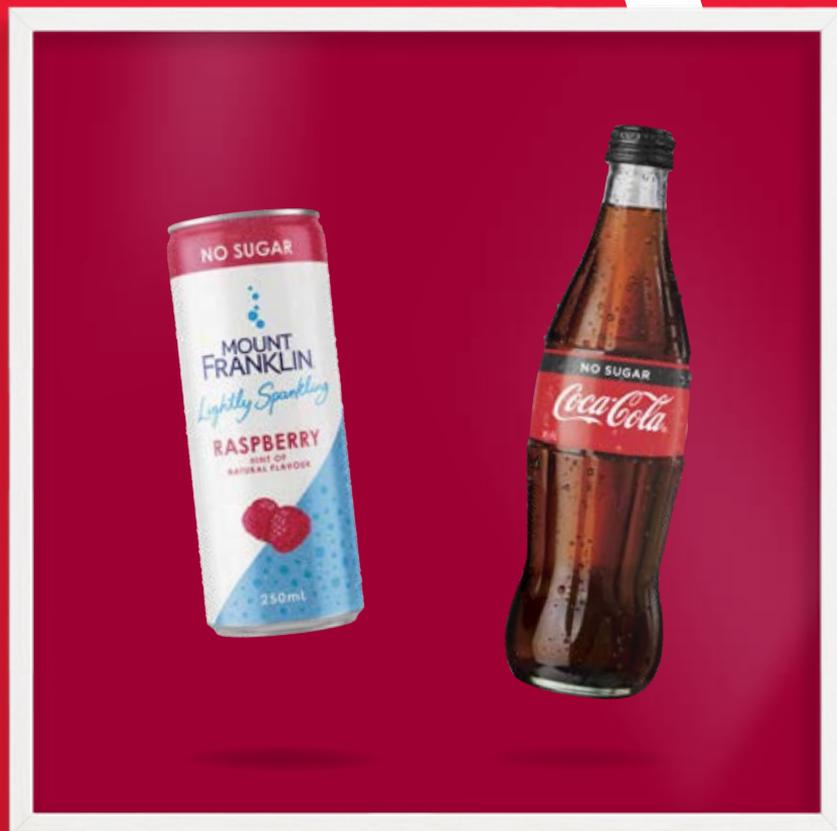
Underlying EBIT %



- Australian Beverages
- New Zealand & Fiji
- Indonesia & Papua New Guinea
- Alcohol & Coffee
- Corporate & Services

- 1 Underlying refers to statutory results adjusted to exclude non-trading items and discontinued operation.
- 2 The constant currency basis is determined applying FY17 foreign exchange rates to FY18 local currency results.

# AUSTRALIAN BEVERAGES



## Our Business

Our Australian Beverages Business manufactures, sells and distributes 27 non-alcoholic beverage brands to approximately 114,000 customers. In addition to the Coca-Cola family of products, our portfolio includes Sprite, Fanta, Lift, Kirks, Deep Spring, Mount Franklin, Pump, Powerade, Barista Bros, Fuze Tea, Keri Juice Blenders, Monster and Mother.

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

We directly employ approximately 3,000 people across Australia, the majority of whom are in sales, supply chain, production and warehousing. We operate nine production facilities and 12 warehouses across Australia.

## Market Overview

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

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

## Our Route-To-Market Model

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



## FINANCIAL SUMMARY

	2018 \$M	2017 \$M	Variance %	Underlying Group EBIT %
<b>Trading revenue</b>	<b>2,518.1</b>	<b>2,535.2</b>	<b>(0.7)</b>	
– Trading revenue per unit case	\$8.20	\$8.15	0.6	
– Volume (million unit cases) <sup>1</sup>	307.1	311.1	(1.3)	
<b>Underlying earnings before interest and tax</b>	<b>376.1</b>	<b>412.6</b>	<b>(8.8)</b>	
<b>EBIT margin on trading revenue</b>	<b>14.9%</b>	<b>16.3%</b>	<b>(1.4) pts</b>	
<b>Return on capital employed</b>	<b>33.1%</b>	<b>36.1%</b>	<b>(3.0) pts</b>	

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

### Our Channel Segmentation

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

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

## 2018 PERFORMANCE

### Overview

There are encouraging signs in Australian Beverages as many of our initiatives are gaining traction, resulting in improved volume trajectory and volume share gains for the year. Our earnings reflected the additional investment in our Accelerated Australian Growth Plan as well as the impact from container deposit schemes.

Although EBIT declined 8.8 per cent, this reflected our plans to deploy an additional \$40 million of investment into the business in 2018. Adjusting for this additional investment, EBIT growth would have been positive for the year. However, we recognised that investment was critical for the long-term sustainability of our business.

Despite the negative impact on volumes from the New South Wales (NSW) container deposit scheme and the introduction of the Queensland container refund scheme, total volume only declined 1.3 per cent for the year.

Trading revenue per unit case was 0.6 per cent higher than last year, comprising a 3.5 per cent increase from charges related to container deposit schemes, a 2.3 per cent investment in realised price and a 0.6 per cent decrease from change in product/channel mix. The price investment was driven by our plan to improve competitiveness in targeted channels and categories.

Sparkling beverages and still beverages volumes declined 0.7 per cent and 1.5 per cent respectively. Despite this, we achieved volume share gains in both categories as we focused on stabilising performance through a range of initiatives.

### Sparkling Beverages

The encouraging signs achieved in the first half in sparkling beverage volumes continued in the second half. We delivered total volume share gains for the second half and the year. In **cola** we achieved volume growth in Coca-Cola Trademark in the second half led by the continued growth of Coca-Cola No Sugar. Diets/lights cola achieved low-single digit volume growth for the year, with growth accelerating in the second half. Our performance also benefited from an increased focus on rotational flavours (Coca-Cola Raspberry and Coca-Cola Orange No Sugar) as well as additional product launches during the year (Coca-Cola Vanilla No Sugar and Small Batch Blends).

In the **flavours** category, we grew volume share assisted by price investment, however volumes declined. In the **adult** category, we delivered modest volume growth with the roll-out of the rebranded Cascade range of beverages.

### Still Beverages

We delivered volume share gains in the **water** category for the full year. Water volume declined in the second half following changes to promotional strategies with major customers. We continued to deliver on the elements of our water strategy by extending our distribution of water products in state operational accounts, including HORECA (Hotels, Restaurants & Cafés), and extending our distribution of the recently launched enhanced and premium water products such as Mount Franklin Lightly Sparkling Flavours in cans, Mount Franklin Kids, Mount Franklin with a hint of flavour and Bisleri.

In our "Double Down" categories, we achieved double-digit volume growth in **value added dairy** driven by new product launches and increased penetration, and high-single digit volume growth in **energy** as a result of additional product launches and price promotions. In 2018 we launched six additional SKUs in the Monster Energy range and expanded the Mother range with the introduction of Mother Passion adding two additional SKUs.

We delivered volume growth in the **sports** category, however **tea** and **juice** volumes declined.

### Channel

#### Grocery, Convenience & Petroleum

In the **grocery** channel, we delivered volume growth through initiatives undertaken to improve in-store execution, solid growth in Coca-Cola No Sugar and our first half performance in water. We also achieved total volume share gains in the second half.

We delivered good volume growth in the **convenience & petroleum** channel driven by good performance in value-added dairy and energy as well as improved water ranging with key customers.

	2018 MUC	2017 MUC	Variance %
<b>Category volume summary – million unit cases (MUC)<sup>1</sup></b>			
<b>Sparkling</b>			
– Cola	156.1	156.6	(0.3)
– Flavours/Adult	49.2	50.1	(1.8)
<b>Total Sparkling</b>	<b>205.3</b>	<b>206.7</b>	<b>(0.7)</b>
<b>Frozen</b>	<b>23.8</b>	<b>25.2</b>	<b>(5.6)</b>
<b>Stills</b>			
Water <sup>2</sup>	53.5	54.4	(1.7)
Value-added Dairy/Energy	10.2	9.3	9.7
Other Stills <sup>3</sup>	14.3	15.5	(7.7)
<b>Total Stills</b>	<b>78.0</b>	<b>79.2</b>	<b>(1.5)</b>
<b>Total</b>	<b>307.1</b>	<b>311.1</b>	<b>(1.3)</b>
<b>Channel volume summary – million unit cases (MUC)<sup>1</sup></b>			
Grocery, Convenience & Petroleum	185.2	183.8	0.8
On-the-go <sup>4</sup>	121.9	127.3	(4.2)
<b>Total</b>	<b>307.1</b>	<b>311.1</b>	<b>(1.3)</b>

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

2 Water volumes includes Neverfail.

3 "Other Stills" includes juice, tea, sports.

4 On-The-Go includes national and state operational accounts, RECA and Licensed.

#### On-The-Go

We continued to experience volume pressure in the **state immediate consumption** channel while volume growth in the **RECA** channel was driven by increased outlet count and targeting channel specific product launches.

We also won significant customer renewals in the quick service restaurant channel during the year including Hungry Jacks, Oporto, Red Rooster and Sushi-Sushi. Since the end of the period, we have also signed a new long-term agreement with Pizza Hut.

#### Cost Of Goods Sold

Our result was impacted by higher commodity costs, approximately 3 per cent higher compared to the prior year. We experienced price increases in aluminium, PET and rPET and although sugar prices declined in 2018, our hedging position was higher.

#### Cost Optimisation And Reinvestment

We continued to progress cost optimisation and reinvestment programs during the year. We delivered approximately \$35 million of cost savings from initiatives focusing on remodelling our supply chain, our 'Business Excellence' program, changes in our merchandising and sales force, as well as further procurement and support services optimisation.

We reinvested the cost savings delivered in rebalancing our portfolio through innovation, refocusing our sales effort and price investment.

Additionally, we invested approximately an additional \$40 million during the year, which was allocated towards initiatives covering increases in marketing, execution, cold drink equipment, digital technology and price.

#### Container Deposit Schemes

The **NSW** container deposit scheme commenced on 1 December 2017. For 2018, there was a 3.4 per cent volume decline in NSW, compared to a 0.4 per cent volume decline in other states for the year. Container redemption rates in NSW were consistently below estimated levels throughout 2018. As a result, in the first half we reported a \$10.0 million credit in container deposit scheme payments, which was substantially returned to consumers through price investment in the second half. From 1 August we also lowered the charge per eligible container from 13.59 cents (excluding GST) to 10.91 cents (excluding GST).

The **Australian Capital Territory** container deposit scheme began operating on 30 June 2018 with a charge per eligible container of 10.91 cents (excluding GST).

The **Queensland** container refund scheme commenced on 1 November 2018 with a charge per eligible container of 10.38 cents (excluding GST). It is too early to assess the impact of this scheme, although we did not experience a material impact on volumes in November and December.

## 2019 PRIORITIES & OUTLOOK

#### Accelerated Australian Growth Plan

In conjunction with Coca-Cola South Pacific, we are continuing to roll out our Accelerated Australian Growth Plan. The plan combines future proofing the portfolio with an enhanced and effective route-to-market strategy while taking a more tailored approach to segmentation. The plan is built on our Group strategy of Lead, Execute, and Partner. We have identified opportunities to

sharpen our focus, and ensure we prioritise the areas that have the greatest benefit to the business.

The prioritised Accelerated Australian Growth Plan initiatives and our investment in our field sales force form the building blocks of our 2019 plan, with these initiatives underpinned by key enablers that will support streamlining of costs and revenue growth. From a category perspective:

- **"Must win"** categories are **cola** and **water**. In cola we are continuing to implement initiatives in 2019 aimed at rejuvenating the category. Some of these initiatives include implementation of strong integrated marketing and execution during key selling weeks to focus on growing the no sugar or low sugar category. **Water** represents an important strategic category in our portfolio due to its large size and strong growth of some sub-categories. The overall objective is to cement our leadership in traditional water and grow strongly in the enhanced and premium sub-categories. To achieve our ambition, we will continue to undertake targeted price investment, increase our reach through greater penetration, particularly for enhanced and premium waters, and launch new products in the enhanced and premium waters sub-categories.
- **"Double Down"** targets the fast-growing **value-added dairy** and **energy** categories. Our strategic approach aims to accelerate volume and value growth and increase the market share

in both categories. We seek to expand our product range and increase investment in media in value-added dairy, as well as to continue to roll out new products and increase promotional programs supported by in-outlet activation in energy.

- “**Stabilise**” categories are flavours, tea, juice, sports and adult, which play an important role in our portfolio. We will continue to undertake very targeted initiatives to drive competitiveness.
- “**Enter**” captures emerging categories such as kombucha and cold pressed juice. We have commenced the sales and distribution roll-out of Mojo in Australia and are working towards the sales and distribution of a selected range of the Made Group products from 2Q19. In conjunction with The Coca-Cola Company and its ‘Beverages For Life’ strategy we will continue to innovate to accelerate our ability to close gaps and further develop our portfolio.

Applying the same categorisation to our distribution channels:

- “**Must win**” channels are those in which we can make the greatest impact on our performance: grocery and state immediate consumption. The grocery channel strategy is linked to the key activities undertaken in the cola and water categories, targeting initiatives across the store, price investment, maximising key selling weeks, premiumisation and innovation. The state immediate consumption channel provides us with significant growth potential and we will invest an additional \$10 million in 2019 to increase the size of our sales force. Growth in this channel will be driven by a high touch execution approach and supporting our small store focus, and continued push for outlet count increases.

- “**Double Down**” channels – RECA and Convenience & Petroleum – offer the greatest potential for growth. The major focus in convenience & petroleum channels is on growing our value-added dairy and energy categories. Key initiatives in RECA are the launch of targeted products, roll-out of high end coolers and point of sale, and deployment of a dedicated sales team.
- “**Stabilise**” channels are those in which growth is expected to be limited – National On Premise, Direct to Consumer and Licensed. We will bring greater focus on alignment and understanding of customer’s priorities in these channels.
- “**Enter**” includes online and food aggregators, which are an area of ongoing focus.

Our Accelerated Australian Growth Plan is supported by five “enabler” initiatives:

- **Portfolio simplification and innovation:** We have identified significant range simplification opportunities in each of our channels that will support greater focus on our best-selling products. This will also have the benefit of enabling our processes and infrastructure to support new innovation and growth opportunities.
- **Revenue growth management 2.0:** We have commenced work on this initiative and aim to embed the improved capability in the business as quickly as possible.
- **Continuation of the cost optimisation and reinvestment plans:** we continue to execute on a range of cost optimisation opportunities while reinvesting the cost savings.

- **Product packaging and sustainability:** We are committed to achieving our sugar reduction and packaging targets with strong plans in place over 2019 to drive these ambitions and communicate our achievements with the broader community.
- **S&OP:** We are embedding streamlined and effective sales and operational planning processes in 2019, with this business rhythm key to deploying our strategy and supporting decision-making.

#### Improving Alignment With the Coca-Cola Company

Over the past several years we have implemented initiatives to improve alignment with The Coca-Cola Company. Examples of these initiatives include the Accelerated Australian Growth Plan and the joint acquisition of a 45 per cent minority interest in the Australia-based Made Group. We continue to work closely with The Coca-Cola Company to leverage the “Beverages For Life” strategy in Australia.

#### Container Deposit Schemes

Container deposit schemes are now in operation in several states and territories in Australia – South Australia, Northern Territory, New South Wales, the Australian Capital Territory and Queensland – while Western Australia is targeting the implementation of a container deposit scheme in 2020. Consistent with our sustainability goals we will continue to engage with governments and the industry and continue to monitor the impact of container deposit schemes on our business.



**~\$35m**  
of cost savings reinvested



# NEW ZEALAND & FIJI

## Our Business

Our New Zealand & Fiji Businesses manufacture, sell and distribute 34 non-alcoholic beverage brands to approximately 19,000 retail outlets across the two markets. The list of products distributed across all markets includes the iconic Coca-Cola family of products, as well as Sprite, Fanta, Lift, Schweppes, Powerade, Mother, Deep Spring and FUZE Tea. We also produce locally loved brands including L&P, Pump, Kiwi Blue and Keri Juice in New Zealand, and Frubu and Jucy in Fiji.

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

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

## Market Overview

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

- Consumer demand trends and opportunities: healthier choices, value, convenience, innovation in packaging and reformulation, technology and environmental and social sustainability, growth in 'boutique' brands and fragmentation of the market

- Increasing competition: between beverage companies and development of private label brands by retailers
- Changing trade environment: relationship with retailers, retail consolidation and growth, stronger non-traditional channels, technology

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

## OUR ROUTE-TO-MARKET MODEL

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

## Our Channel Segmentation

New Zealand

- Grocery
- On-the-go
- Licensed Premises
- Direct to Consumer

Fiji

- Foodstore/Grocery
- Petroleum
- General Route
- Resort

## 2018 PERFORMANCE

### Overview

We continued to achieve strong growth in our New Zealand & Fiji segment with revenue up 6.9 per cent, EBIT up 7.3 per cent and volumes up 6.1 per cent.

### New Zealand

New Zealand delivered another excellent result with revenue, volume and EBIT growth despite cycling a strong FY17 result and unfavourable weather conditions in December.

The segment delivered positive performances in both sparkling and still beverages with revenue and volume growth achieved in both categories, underpinned by strong execution. In FY18 we grew market share in sparkling and stills.

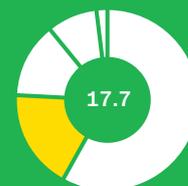
Revenue and volume growth was delivered in **sparkling beverages**, driven by an increase in take-home packs and Coca-Cola No Sugar and Coca-Cola Raspberry continued to perform well. During the year we launched Coca-Cola Stevia No Sugar, which is sweetened with 100 per cent stevia. New Zealand is the first country in the world to launch this product.

We performed strongly in **still beverages** delivering revenue and volume growth. We grew revenue and volume in all still beverage categories – energy, juice, sports, water, dairy.

We achieved revenue and volume growth in all major channels. In **grocery**, growth was driven by a strong promotional calendar and activation programs. **On-the-go, direct to consumer** and **licensed** benefited from consistent strategy and focussed execution.

## FINANCIAL SUMMARY

	2018 \$M	2017 \$M	Variance %	Variance – constant currency <sup>1</sup> %	Underlying Group EBIT %
<b>Trading revenue</b>	<b>592.4</b>	<b>554.1</b>	<b>6.9</b>	<b>6.6</b>	
— Trading revenue per unit case	\$7.90	\$7.84	0.8	0.5	
— Volume (million unit cases)	75.0	70.7	6.1	6.1	
<b>Underlying earnings before interest and tax</b>	<b>112.4</b>	<b>104.8</b>	<b>7.3</b>	<b>6.5</b>	
<b>EBIT margin on trading revenue</b>	<b>19.0%</b>	<b>18.9%</b>	<b>0.1 pts</b>		
<b>Return on capital employed</b>	<b>28.7%</b>	<b>27.4%</b>	<b>1.3 pts</b>		



<sup>1</sup> The constant currency basis is determined applying FY17 foreign exchange rates to FY18 local currency results.

7.3%

increase in underlying  
EBIT on FY17



6.9%

increase in trading revenue  
on FY17

#### Fiji

In Fiji we delivered revenue and volume growth in both the sparkling and stills categories across all channels, driven by a strong focus on execution, particularly through the Christmas period. The constant focus on driving efficiencies across the supply chain, coupled with top-line growth generated double-digit EBIT growth, notwithstanding the negative impact of a number of unfavourable weather events.

### 2019 PRIORITIES & OUTLOOK

#### New Zealand

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

#### Fiji

We continue to expand our distribution network through the roll-out of cold drink equipment and increasing the number of outlets ranging our products. We expect to benefit from the recent investment in an additional production line in Suva.



# INDONESIA & PAPUA NEW GUINEA



## Our Business

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

In Indonesia we operate eight manufacturing facilities in Cibitung, Cikedokan, Bandung, Medan, Lampung, Semarang, Surabaya, and Bali. We employ a total workforce of around 6,000 full-time employees and around 3,000 contractors, and distribute over a billion litres of refreshing drinks to outlets across the nation. We have approximately 711,000 customers.

Coca-Cola Amatil and The Coca-Cola Company jointly own the Coca-Cola bottling operations in Indonesia (PT Coca-Cola Bottling Indonesia or CCBI), 70.6 per cent and 29.4 per cent respectively. Our Papua New Guinea Business employs more than 700 people and generates employment for workers in related industries such as transport, sea freight, raw material supply, consumables, machinery and equipment services. Our range of products is offered through a network of approximately 13,000 customers, large and small, in various formats and spread around the 22 provinces of the country.

## Market Overview

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

- Strong growth: Indonesia is forecast to be the world's fourth largest economy by 2050; gross domestic product per capita has increased 12 per cent per annum since 2000; and the economy is expected to be strong and relatively stable
- Demographics: Favourable age demographics
- Growing affluence: there is a growing middle class; personal consumption has grown 13 per cent per annum since 2000

# 1.0%

increase in volumes  
on FY17



## FINANCIAL SUMMARY

	2018 \$M	2017 \$M	Variance %	Variance – constant currency <sup>1</sup> %	Underlying Group EBIT %
<b>Trading revenue</b>	<b>981.7</b>	<b>1,002.7</b>	<b>(2.1)</b>	<b>0.9</b>	
– Trading revenue per unit case	\$4.32	\$4.46	(3.1)	(0.2)	
– Volume (million unit cases)	227.2	225.0	1.0	1.0	
<b>Underlying earnings before interest and tax</b>	<b>85.1</b>	<b>90.9</b>	<b>(6.4)</b>	<b>(5.0)</b>	
<b>EBIT margin on trading revenue</b>	<b>8.7%</b>	<b>9.1%</b>	<b>(0.4) pts</b>	<b>(0.6) pts</b>	

1 The constant currency basis is determined applying FY17 foreign exchange rates to FY18 local currency results.

- Increasing competition: market is fragmented with many recent entrants; however, these are mostly single-category focused, with additional minor plays in other categories.
- Consumer spending: short-term challenges with subdued consumer spending in food and commercial beverages

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

### Our Route-To-Market Model

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

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

### Our Channel Segmentation

#### Indonesia

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

#### Papua New Guinea

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

## 2018 PERFORMANCE

In Indonesia & Papua New Guinea, we delivered revenue growth of 0.9 per cent in constant currency<sup>1</sup> led by modest volume growth of 1.0 per cent.

### Indonesia

We continued to progress our business transformation in Indonesia, however this was not sufficient to entirely offset soft market conditions, higher commodity prices and a weaker currency.

Gross domestic product growth remains at lower levels than the past decade. These levels are also not translating into similar levels of growth in either the NARTD beverage market or the FMCG sector in general. Discretionary consumer spending has been affected by changes in spending priorities (e.g. smartphones, entertainment and travel) and economic factors (e.g. inflation in staple foods, higher energy and fuel prices).

Despite these factors, there are some encouraging signs in Indonesia. We achieved volume growth in each of the last three quarters of the year, aided by growth in affordable packs. Sparkling, water, tea and dairy categories recorded increased volumes in the year. We also improved our value share in **sparkling beverages** while the overall category declined. In **still beverages**, we maintained value share in **water** and **dairy** but experienced value share declines in **tea** and **juice**.

We achieved sales and cost benefits from our **route-to-market** model transformation, which increased the availability and accessibility of our products. Strong efficiency gains were delivered in manufacturing and administrative functions. We continue to invest in the capabilities of our people through our training academy model as well as through our bespoke leadership training programs. As a result of the transformation strategy, the business is lean and highly capable. We are significantly leveraged to deliver significant earnings improvement when the market improves.

### Papua New Guinea

We achieved revenue growth in Papua New Guinea for the year, despite flat volumes. EBIT came in below expectations as the business cycled the pre-election stimulus in FY17 and responded to operational challenges for most of the year. These issues were largely resolved by year-end.

## 2019 PRIORITIES & OUTLOOK

### Indonesia

We are committed to our Accelerate to Transform strategy and cognisant of the challenges posed by current market conditions. In conjunction with The Coca-Cola Company we undertook an extensive review in FY18 to further extend our consumer insights. Drawing on these insights, we are setting plans to repurpose our portfolio to adapt to the challenging operating environment.

In 2019, we are committing significantly higher levels of direct marketing expenditure to drive initiatives across our categories. We will also continue to enhance capabilities in sales and manufacturing supported by a strong IT agenda to drive productivity and efficiency gains. Another area of focus is the ongoing productivity gains through initiatives in manufacturing and logistics efficiency, resulting in a lower overall cost to serve.

### Papua New Guinea

The business will continue to expand its distribution network and seek productivity and efficiency improvements in manufacturing and logistics. Benefits are expected from the resolution of operational issues, and from a continued expansion of the beverages footprint. It is also expected that in the foreseeable future the amounts of Kina held on deposit will stabilise as we access more foreign currency.

# ALCOHOL & COFFEE

## Our Business

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

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

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

In beer and cider our success has been driven by premium beer brands Coors, Blue Moon and Miller Genuine Draft. We have also recently brought Feral Brewing into our portfolio and have established Yenda as a quality craft beer in the Australian market.

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

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

Alcohol & Coffee employs around 800 people across the region, predominantly at our operations including Paradise Beverages breweries in Suva, Fiji and Apia, Samoa, and Paradise Beverages distillery in Lautoka, Fiji, the Grinders roastery in Fairfield, Victoria, Feral Brewing Company in Western Australia, and in state-based teams across Australia.

## 2018 PERFORMANCE

In **Alcohol & Coffee**, we delivered another year of double-digit EBIT growth while also funding investment in initiatives for our growth aspirations.

We delivered 8.0 per cent revenue growth and 12.1 per cent EBIT growth.

### Alcohol

In **Alcohol**, we achieved volume growth and high single-digit revenue growth.

In Australia, Canadian Club continued to be the standout highlight for the year, delivering exceptional growth through effective marketing and strong sales execution.

We worked on our own brands and closely with our partners to leverage opportunities across all categories. Highlights during the year included:

**Spirits and Premix:** grew ahead of the market and increased market share. Canadian Club continued to deliver strong growth. New products launched with Beam Suntory included Roku Japanese gin, The Chita, a Japanese single grain whiskey, and Canadian Club Zero Sugar Dry. Roku is consolidating its position as a top 10 brand amongst more than 100 gin brands in Australia<sup>1</sup>.

**Beer, Bitters and Cider:** continued Coors relationship with the National Basketball Association with "Coors Block Parties" and

the release of a range of limited edition NBA team cans; launched industry music events through 'Miller Amplified Series'; continued to invest in the Yenda brand through a sponsorship agreement with Rugby Australia and Super Rugby, supported with an advertising campaign and the launch of 'Yenda Session'. We experienced strong growth in the Molson Coors brands – Miller Genuine Draft, Blue Moon and Coors. In Cider we launched Rekorderlig Low Sugar and Rekorderlig Cider Cocktails, and, with the expanded relationship with Abro, assumed the long-term marketing and brand-building responsibilities for the brand in Australia.

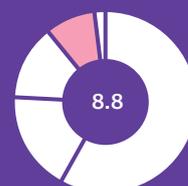
**Paradise Beverages:** Rum Co. of Fiji continued to win awards, with Ratu Spiced 5-year-old rum named 2018 'Rum of the Year' and Ratu 8-year-old Signature Premium Rum Liqueur received a silver medal at the inaugural London Spirit Competition. Joskes Brew was successfully launched in Fiji with early demand strong. We continued to focus on export markets, expanding our international sales through distribution agreements for Vaillima and our Rum Co. of Fiji premium spirits in the United States, and expanding the distribution of Vonu Export in Australia.

### Coffee

While we grew revenue and volume in our coffee business, our EBIT performance reflected investment in our international coffee opportunity and the establishment of our Grinders Café Espresso System in Australia. Positive drivers were our coffee bean products (whole and ground), and strong growth in the grocery channel driven by increased store penetration and promotional activity. Grinders is now the third biggest bean brand in Australia and Grinders Crema 1kg became the biggest selling bean SKU in one of the largest supermarkets during the year<sup>2</sup>.

## FINANCIAL SUMMARY

	2018 \$M	2017 \$M	Variance %	Variance – constant currency <sup>3</sup> %	Underlying Group EBIT %
Trading revenue	609.8	564.8	8.0	7.7	
Underlying earnings before interest and tax	55.7	49.7	12.1	12.1	
EBIT margin on trading revenue	9.1%	8.8%	0.3 pts	0.4 pts	



<sup>1</sup> Source: IRI. AU Liquor Dollar Sales six months to 31/12/18.

<sup>2</sup> Source: IRI National Grocery Dollar Scan Sales MAT to 9/12/18.

<sup>3</sup> The constant currency basis is determined applying FY17 foreign exchange rates to FY18 local currency results.



We also launched the new coffee brand SoCo Coffee Roasters tailored to high value, premium coffee venues.

#### Growth Initiatives

We continued to progress the expansion of our coffee business in Indonesia during the half, and the expansion of international alcohol sales including entering into distribution agreements for Vailima and Rum Co. of Fiji Spirits in the United States and expanding the distribution of Vonu Export in Australia.

#### 2019 PRIORITIES & OUTLOOK

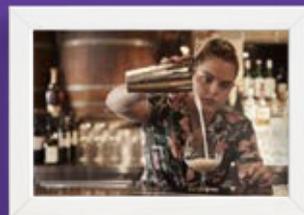
We expect to continue achieving growth in each of our operating countries.

**Spirits and Premix:** Our partnership with Beam Suntory across Australia and New Zealand continues to deliver new growth opportunities. We have a category leadership position in bourbon as well as in new age whiskey and are working with Beam Suntory to bring continued innovation to the market.

**Beer, Bitters and Cider:** We are working closely with our partners to develop our brands and take advantage of significant opportunities across categories where we can leverage our distribution and footprint.

**Paradise Beverages:** We will continue to focus on innovation and new product development, taking advantage of the increased capability and capacity generated by our capital investment program. We also expect to continue gaining distribution in Australia and the United States and recognition for our Rum Co. of Fiji premium rum range, and for our beers across the broader Pacific region.

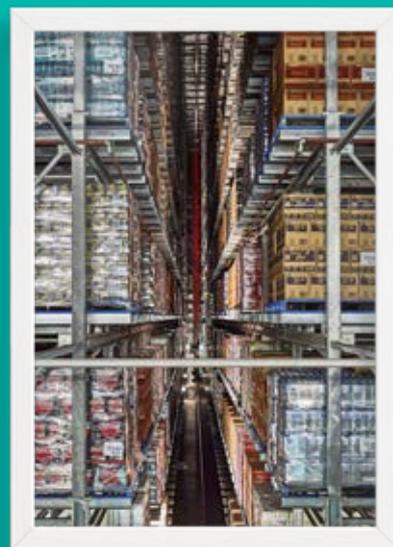
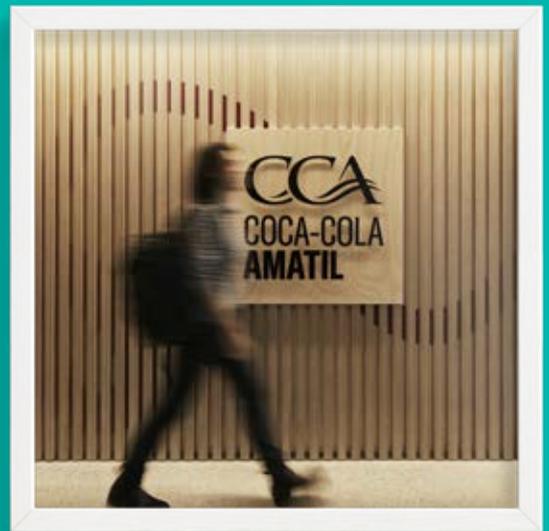
**Coffee:** We continue developing the Grinders brand across our roast, ground and capsule products, expanding our retail presence in Australia and progressing our international opportunities.



# 12.1%

increase in underlying EBIT on FY17

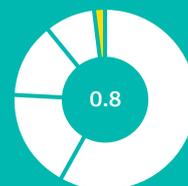
# CORPORATE & SERVICES



## FINANCIAL SUMMARY

	2018 \$M	2017 \$M	Variance %	Underlying Group EBIT %
Trading revenue <sup>1</sup>	50.3	43.6	15.4	
Underlying earnings before interest and tax	5.2	20.3	(74.4)	

<sup>1</sup> Represents revenue mostly from our recycling business in South Australia.



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

### Property

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

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

### SPC

In August 2018 we announced the completion of a four-year, \$100 million co-investment in SPC in conjunction with the Victorian Government and had commenced a strategic review of growth options for SPC. On 30 November 2018, we announced that we had concluded the strategic review of SPC with a decision to proceed towards divestment.

The divestment process has proceeded to the first round of non-binding indicative offers, of which a number have been received from Australian and overseas parties. Bidders are being shortlisted to proceed in the process.

However, given the wide range of offers received, in terms of size and structure, and the inherent uncertainty of the financial outcome of the sale process, we believe it is prudent to recognise a non-cash impairment of the carrying value of SPC's net assets held for sale of \$146.9 million before tax in the 2018 full year accounts. This has reduced the carrying value of SPC's net assets held for sale as at 31 December 2018 to zero.

From a financial reporting perspective, SPC has been classified as a discontinued operation in the FY18 results, and not included in the segment performance. SPC recorded a \$10.4 million EBIT loss for the year (before non-trading items) in line with the outlook we provided at our Investor Day in November 2018.

### 2018 PERFORMANCE

In **Corporate & Services**, our EBIT decreased by \$15.1 million compared to FY17. This resulted from lower earnings for our services division due to lower services requirement to Australian Beverages as well as lower earnings for our property division due to not receiving rental fees from Australian Beverages for the Richlands site. The result also reflects investments in our Amatil X program to drive future customer, supply chain and sustainability initiatives, as well as investment in Group capabilities.

### 2019 OUTLOOK

**Corporate & Services** earnings are expected to be a loss of \$10-12 million for 2019. This is expected to represent a decline from 2018 due to lower property rental and services earnings, increased Group capability and investment in IT platforms.

# FINANCIAL COMMENTARY

## RESULT OVERVIEW

- 2018 was a transition year for the Group, with earnings impacted by the planned investment in our Accelerated Australian Growth Plan and the implementation of container deposit schemes compounded by economic factors in Indonesia and operational challenges in PNG
- Underlying<sup>1</sup> earnings per share (EPS) from continuing operations decreased by 3.9 per cent, while EPS from continuing operations after non-trading items decreased by 7.0 per cent
- Underlying<sup>1</sup> EBIT from continuing operations of \$634.5 million and underlying net profit after tax (NPAT) from continuing operations of \$388.3 million each representing a decline of 6.5 per cent respectively
- Including the SPC impairment, statutory NPAT of \$279.0 million, down 37.3 per cent
- Australian Beverages' earnings reflected additional investments in our Accelerated Australian Growth Plan and were impacted by the implementation of container deposit schemes; many of our initiatives are gaining traction resulting in improving volume trajectory and volume share gains
- Despite the soft market conditions, weak currency and higher commodity prices impacting Indonesia's earnings, there are encouraging signs with volume growth from April onwards; Papua New Guinea experienced some operational issues, which have now largely been resolved
- New Zealand & Fiji delivered another year of strong EBIT growth underpinned by strong execution
- Alcohol & Coffee achieved another year of double-digit EBIT growth while also funding investment in initiatives for our growth aspirations
- Lower earnings for SPC and Corporate & Services segment, in line with the outlook we provided at our Investor Day in November 2018
- Increased underlying net operating cash flow from continuing operations and underlying cash realisation from continuing operations of 107 per cent for the year
- Final dividend of 26.0 cents per share (2H17: 26.0 cents per share), franked to 50 per cent (2H17: 70 per cent franked), representing an underlying payout ratio of 87.6 per cent on a continuing operations basis for the full year

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

	2018 \$M	2017 <sup>2</sup> \$M	Variance %
<b>Continuing operations</b>			
<b>Trading revenue</b>	<b>4,752.3</b>	<b>4,700.4</b>	<b>1.1</b>
<b>Total revenue</b>	<b>4,802.0</b>	<b>4,754.3</b>	<b>1.0</b>
<b>Earnings before interest and tax from continuing operations (before non-trading items)</b>	634.5	678.3	(6.5)
Net finance costs (before non-trading items)	(72.5)	(68.8)	5.4
Income tax expense (before non-trading items)	(160.7)	(178.2)	(9.8)
Non-controlling interests	(13.0)	(15.8)	(17.7)
<b>Profit attributable to Coca-Cola Amatil Limited shareholders from continuing operations (before non-trading items)</b>	<b>388.3</b>	<b>415.5</b>	<b>(6.5)</b>
Non-trading items after income tax <sup>3</sup>	13.2	29.0	(54.5)
<b>Profit from continuing operations</b>	<b>401.5</b>	<b>444.5</b>	<b>(9.7)</b>
Result from discontinued operation	(122.5)	0.7	Nm
<b>Profit attributable to Coca-Cola Amatil Limited shareholders – statutory</b>	<b>279.0</b>	<b>445.2</b>	<b>(37.3)</b>
	¢	¢	
Earnings per share from continuing operations (before non-trading items)	53.6	55.8	(3.9)
Earnings per share from continuing operations	55.5	59.7	(7.0)
Earnings per share	38.5	59.8	(35.6)

## OTHER INFORMATION

Interim dividend per share (65% franked) <sup>4</sup> (1H17: 70% franked)	21.0	21.0	–
<b>Final dividend per share (50% franked)<sup>5</sup> (2H17: 70% franked)</b>	<b>26.0</b>	<b>26.0</b>	<b>–</b>

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

2 2017 figures restated to reflect the discontinued operation.

3 Non-trading items relating to continuing operations restructuring costs resulting from cost and revenue optimisation programs predominantly in Australian Beverages, offset by gains on sale of property assets.

4 Paid 9 October 2018 (2017: 3 October 2017).

5 Record date for 2018 dividend entitlement is 27 February 2019 and is payable 10 April 2019 (2017: paid 10 April 2018).

## CAPITAL EMPLOYED<sup>1</sup>

	2018 \$M	2017 <sup>2</sup> \$M	Variance \$M
Working capital <sup>3</sup>	340.4	393.0	(52.6)
Property, plant and equipment	1,855.0	1,823.2	31.8
Intangible assets	1,252.4	1,207.9	44.5
Current and deferred tax liabilities (net)	(241.6)	(306.3)	64.7
Derivative liabilities – non-debt related (net)	(27.3)	(5.4)	(21.9)
Other assets/(liabilities) (net) <sup>4</sup>	48.9	(12.8)	61.7
<b>Capital employed from continuing operations</b>	<b>3,227.8</b>	<b>3,099.6</b>	<b>128.2</b>
<b>Return on capital employed from continuing operations (ROCE)</b>	<b>20.1%</b>	<b>21.6%</b>	<b>(1.5) pts</b>

1 Capital employed is referred to as Assets and Liabilities – Operating and Investing, or segment net assets in the Financial Report. Note it is shown here on a continuing operations basis.

2 2017 figures adjusted for discontinued operation

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

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

Increase in continuing operations capital employed of \$128.2 million from 31 December 2017 resulting from:

- **Working capital** decreased by \$52.6 million due to a favourable change in our year-end balance date, which fell on a weekday this year resulting in lower debtors, together with improved supplier management
- **Property, plant and equipment** increase due to higher capital expenditure across operations including investments at the Richlands facility, a new water line and automated warehouse in New Zealand, new PET line and investment in cold drink equipment in Indonesia.
- **Intangible assets** increased by \$44.5 million due primarily to the acquisition of Rekorderlig Australian distribution rights and foreign exchange translation impact.
- **Current and deferred tax liabilities (net)** reduced by \$64.7 million due to lower taxable income in Australia and deferred tax asset from SPC impairment.
- **Derivative liabilities – non-debt related (net)** increased due to unrealised losses on sugar and resin hedges recognised in equity.
- **Other assets** increase of \$61.7 million due to minority investment in the Made Group and utilisation of restructuring provisions from the prior year.

## FREE CASH FLOW

	2018 \$M	2017 \$M	Variance \$M
<b>Underlying EBIT (from continuing operations)</b>	<b>634.5</b>	<b>678.3</b>	<b>(43.8)</b>
Depreciation and amortisation expenses	258.4	260.8	(2.4)
Impairment charges	0.5	2.5	(2.0)
Changes in adjusted working capital <sup>1</sup>	42.3	(41.8)	84.1
Net interest and other finance costs paid	(86.9)	(53.5)	(33.4)
Income taxes paid	(159.6)	(173.4)	13.8
Movements in other items <sup>2</sup>	16.4	(28.7)	45.1
<b>Underlying operating cash flows (from continuing operations)</b>	<b>705.6</b>	<b>644.2</b>	<b>61.4</b>
Capital expenditure	(316.2)	(296.3)	(19.9)
Proceeds from sale of non-current assets	3.6	6.1	(2.5)
Payments for additions of other intangible assets	(0.4)	–	(0.4)
<b>Underlying free cash flow (from continuing operations)</b>	<b>392.6</b>	<b>354.0</b>	<b>38.6</b>
Add: net cash inflows from non-trading items (continuing operations)	26.4	97.2	(70.8)
<b>Free cash flow (from continuing operations)</b>	<b>419.0</b>	<b>451.2</b>	<b>(32.2)</b>
Add: net cash outflows from discontinued operation	(44.7)	(21.9)	(22.8)
<b>Statutory free cash flow</b>	<b>374.3</b>	<b>429.3</b>	<b>(55.0)</b>
<b>Underlying cash realisation<sup>3</sup> (from continuing operations)</b>	<b>107.0%</b>	<b>93.1%</b>	<b>13.9 pts</b>

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

2 Mainly comprising of movements in prepayments and employee benefits provisions.

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

**Underlying free cash flow** from continuing operations was \$392.6 million, an increase of \$38.6 million. This was driven by lower working capital due to a favourable change in our year-end balance date, which fell on a weekday this year resulting in lower debtors, together with improved supplier management, partially offset by higher capital expenditure on new PET lines in Indonesia, new glass bottling line and additional capacity for dairy and juice at the Richlands, and the blow-fill line and automated warehouse in New Zealand.

**Cash realisation** from continuing operations was higher than the comparative period at 107 per cent due to the reduction in working capital in the year.

## CAPITAL EXPENDITURE

	2018 \$M	2017 \$M	Variance \$M
<b>Non-Alcohol Beverages</b>			
– Australia	112.1	99.4	12.7
– New Zealand & Fiji	39.3	35.3	4.0
– Indonesia & Papua New Guinea	97.5	85.0	12.5
<b>Alcohol &amp; Coffee Beverages</b>	5.8	8.3	(2.5)
<b>Corporate &amp; Services</b>	61.5	68.3	(6.8)
<b>Capital expenditure – continuing operations</b>	<b>316.2</b>	<b>296.3</b>	<b>19.9</b>
Capital expenditure – discontinued operation	18.1	15.9	2.2
<b>Capital expenditure</b>	<b>334.3</b>	<b>312.2</b>	<b>22.1</b>
Capital expenditure/trading revenue (from continuing operations)	6.7%	6.3%	0.4 pts
Capital expenditure/underlying depreciation and amortisation (software assets) from continuing operations	1.2x	1.1x	0.1x

**Group** capital expenditure was \$22.1 million higher than FY17 at \$334.3 million. This was lower than had been anticipated due to payments for projects in Australia, New Zealand and Indonesia being deferred to 2019.

**Australian Beverages:** capex included construction of a new glass bottling line and additional capacity for dairy and juice at the Richlands facility in Queensland.

**New Zealand & Fiji:** capex included spend on our blowfill line in Putaruru to expand capacity, a warehouse automation project in Auckland, and the roll-out of additional cold drink equipment across New Zealand as well as completing the installation of a PET blowfill line in Fiji.

**Indonesia & Papua New Guinea:** capex included spend on a new PET line in Cibitung and continued investment in cold drink equipment. We invested in a new affordable single serve packs (“ASSP”) line in Surabaya. A new can line was commissioned at the Lae facility in PNG.

**Corporate & Services:** capex included spend predominantly on additional cold drink equipment placements in Australia, primarily in the immediate consumption and grocery channels, as well as on information technology initiatives and human resources systems; SPC investment in new peach/apricot pitters

## CAPITAL – FINANCING

	2018 \$M	2017 \$M	Variance \$M
<b>Equity</b>	<b>1,900.0</b>	<b>1,880.3</b>	<b>19.7</b>
<b>Net debt</b>			
– Cash assets	(937.4)	(1,038.0)	100.6
– Held to maturity investment	(116.7)	–	(116.7)
– Loan receivable	(6.5)	–	(6.5)
– Borrowings and other financial liabilities	2,470.1	2,414.8	55.3
– Net debt derivative (assets)/liabilities	(81.7)	(39.6)	(42.1)
<b>Total net debt</b>	<b>1,327.8</b>	<b>1,337.2</b>	<b>(9.4)</b>
	<b>3,227.8</b>	<b>3,217.5</b>	<b>10.3</b>
Net interest cover (calculated as underlying EBIT divided by net finance costs)	8.8x	9.9x	(1.1)x

The balance sheet remains in a strong position. **Net debt** was lower at \$1,327.8 million. As at 31 December 2018, Papua New Guinea had cash assets and funds in held to maturity investments of \$291.1 million (PGK 692.5 million); FY17: \$234.8 million (PGK 586.1 million). Presently there are Papua New Guinea government-imposed currency controls, which impact the extent to which cash held in Papua New Guinea can be remitted for use elsewhere in the Group.

Total available **debt facilities** at period end was \$2.5 billion. The average maturity is 5.7 years. The maturity profile is as follows:

Borrowing maturity profile	31 Dec 2019 %	31 Dec 2020 %	31 Dec 2021 %	31 Dec 2022+ %
Committed and uncommitted facilities maturity	5.8	31.1	12.0	51.1

# GROUP OUTLOOK AND TARGETS

## 2019 Outlook

2019 will be the second year of a two-year transition phase for the **Group**.

**Australian Beverages:** we will be positioned for growth in 2020 with the completion of the additional \$10 million of investment in our Accelerated Australian Growth Plan to increase our sales force and, with container deposit schemes in NSW and Queensland substantially embedded by the end of 2019.

**Indonesia:** we are encouraged by the volume growth we delivered from April 2018 and will continue to deliver our Accelerate to Transform strategy with additional direct marketing expenditure to be invested in 2019; however macroeconomic conditions, weak Indonesian Rupiah, higher commodity costs and current consumer spending trends are expected to continue

**New Zealand & Fiji, Papua New Guinea and Alcohol & Coffee:** expected to deliver growth in line with our Shareholder Value Proposition

**Corporate & Services:** an EBIT loss of \$10 to \$12 million expected in line with the outlook provided in November 2018 due to lower property rental and services earnings, increased Group capability and investment in IT platforms.

## Non-Trading Items

As part of our cost optimisation programs in Australian Beverages, we are expecting one-off costs in 2019 of up to \$30 million. We are pursuing additional opportunities within our Property Division that may result in additional one-off gains in 2019, partially offsetting the one-off costs.

## Target from 2020 and Beyond

We remain committed to our Shareholder Value Proposition targeting a return to delivery of mid-single digit earnings per share growth from 2020.

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

## Capital Expenditure

For 2019 Group capex is expected to be similar to Group Capital expenditure in 2018, reflecting the deferred payments from 2018 and continued deployment of capital in Indonesia, including a second affordable small sparkling pack line.

## Dividend and Capital Management

We continue to target a dividend payout ratio of over 80 per cent. It is anticipated that franking will be at lower levels in the future due to the increasing proportion of earnings from outside Australia.

## Balance Sheet and Return on Capital Employed

We expect to maintain a conservative Balance Sheet with flexibility to fund future growth opportunities and strong return on capital employed.

We will seek to maximise value for shareholders by pursuing additional opportunities within our Property Division.

“  
**WE REMAIN  
COMMITTED  
TO OUR  
SHAREHOLDER  
VALUE  
PROPOSITION**  
”

# SUSTAINABILITY STRATEGY

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

Coca-Cola Amatil's sustainability framework focuses on four pillars: our people, wellbeing, environment, and our community. We report in detail our performance and commitments against each of these through our annual Sustainability Report. In 2017 Coca-Cola Amatil conducted a strategic review of each of the four pillars within its sustainability framework and developed a set of strategies and public goals out to 2020.

These 2020 goals are aligned with, and embedded in, our broader business strategies to deliver long-term sustainable business value. The goals have also been developed considering the expectations of all key stakeholders – our people, our partners, our communities, our customers and our investors – and focusing on those areas that are the most material and where we can make the most difference. In 2018 we made positive progress toward each of these goals and we will provide a full update in the 2018 Sustainability Report to be released in May 2019.

In 2018, we also undertook a review of our sustainability priorities, by conducting a materiality assessment with internal and external stakeholders. This review confirmed that our sustainability framework is focused on areas of most importance where we can have the greatest impact, but we recognise increased stakeholder concerns regarding sustainable packaging, consumer wellbeing, climate change and human rights and will continue to prioritise these areas.

We also remain committed to an enhanced approach to sustainability reporting with more data and analysis on the sustainability performance of all our Businesses referencing the Global Reporting Initiative framework, LBG (formerly "The London Benchmarking Group") community investment guidelines and Sustainable

Development Goals. Coca-Cola Amatil is also embarking on an assurance plan to meet full verification and assurance of report data by 2020, and we completed an assurance readiness assessment in 2018 to prepare for this.

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

## Our 2020 Goals

By 2020 Coca-Cola Amatil aims to:

- Implement and embed our Human Rights Policy;
- Have a zero-harm workplace;
- Have at least 30 per cent of Board, Senior Executive and Management positions held by women and improve depth and breadth of representation across all functions and Businesses
- Measure the sugar grams per 100ml<sup>1</sup> of our non-alcoholic beverages portfolio in all countries of operation and reduce total sugar grams per 100ml by 10 per cent in Australia and New Zealand (compared to 2015 sugar grams per 100ml);
- Improve water intensity for non-alcoholic beverages to achieve no more than 1.95L/L and target a 25 per cent improvement in water efficiency for alcoholic beverages (compared to 2013) and food (compared to 2010);
- Reduce the carbon footprint of the 'drink in your hand' by 25 per cent (compared to 2010);
- Use 60 per cent renewable and low-carbon energy in our operations;
- Develop the business case for a weighted average of 50 per cent recycled plastic in all PET containers across the Australian portfolio including carbonated soft drinks;
- Screen 80 per cent of supplier spend using responsible sourcing criteria; and
- Allocate the equivalent of one per cent of EBIT to community investment programs.

## Governance and Management of Sustainability

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

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

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

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

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

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

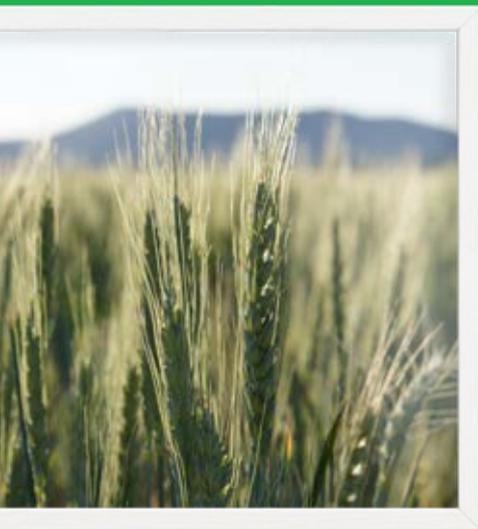


**WE ARE  
COMMITTED TO  
MAKING A DISTINCTIVE  
AND POSITIVE  
CONTRIBUTION  
TO THE WORLD IN  
WHICH WE LIVE.**



# SUSTAINABILITY STRATEGIC FRAMEWORK

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



## OUR PEOPLE



### HEALTH, SAFETY AND EMPLOYEE WELLBEING DIVERSITY, INCLUSION AND HUMAN RIGHTS

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

For Coca-Cola Amatil, a safe workplace is the result of both our 'safety first' culture and a clearly defined set of requirements for all employees. Coca-Cola Amatil strives to achieve and maintain a zero-harm workplace where safety is everyone's responsibility and each individual is held to account. The Group's Health, Safety & Wellbeing Policy requires all employees, suppliers, contractors and visitors to operate to the highest standards. We are pleased to report that in 2018 employee injuries across the Coca-Cola Amatil Group decreased by five per cent compared to the prior year. Since 2012 we have achieved a very strong result of a 74 per cent reduction in total injuries. In 2018 we also continued to focus on programs to support employee health and wellbeing, including mental wellbeing.

We are creating a diverse culture that values inclusion, and which recognises the unique contributions of our people. At Coca-Cola Amatil we are focused on all aspects of diversity and have set targets for gender balance across all our countries and Businesses, aiming for at least 30 per cent of Board, Senior Executive and Management positions to be held by women. Within our Board and Senior Executive teams we have in 2018 already achieved and passed that minimum 30 per cent goal. We are currently the only ASX 100 company with a female Chairman and a female Group Managing Director. We continue to focus on training and development of our people, fostering an environment that supports and encourages growth of employee skills and implementation of a performance-based culture.

Human rights is relevant to all of our people across all of our countries of operation and is an important consideration for Coca-Cola Amatil today and tomorrow. To coincide with International Human Rights Day on 10 December 2017, we launched our Human Rights Policy that covers all the ways we can support human rights and minimise the risk of adverse human rights impacts. In 2018 we continued to work to embed this policy in all ways of working.

## WELLBEING



### CHOICE INCLUDING REFORMULATION AND NEW PRODUCT DEVELOPMENT

### INFORMATION AND RESPONSIBLE MARKETING

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

We focus on choice through reformulation and new product introductions, with a target to reduce sugar in our portfolio in Australia and New Zealand. We will measure the sugar grams per 100ml of our non-alcoholic beverages portfolio in all countries of operation and reduce total sugar grams per 100ml by 10 per cent in Australia and New Zealand (vs. 2015 sugar grams per 100ml) and have the nutrition and responsible consumption information that our consumers want, conveniently available. By the end of 2018 we reduced our sugar grams per 100ml in Australia by 5.7 per cent compared to the 2015 baseline and are on track to achieve the 2020 goal with a strong reformulation program in 2019. New Zealand is also tracking well toward the 2020 sugar grams per 100ml reduction goal.

We also are committed to consumer education, responsible marketing, and promotion of consumer awareness of the impact of their choices on health and wellbeing.

## ENVIRONMENT



### SUSTAINABLE PACKAGING

### WATER STEWARDSHIP AND REPLENISHMENT

### CLIMATE CHANGE AND LOW CARBON ENERGY

### BIODIVERSITY

### RESPONSIBLE SOURCING

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

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

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

To achieve this vision, we work closely with partners and environmental experts so that we can understand and mitigate our impact and be proactive in implementing solutions, and are well advanced on each of these goals at the end of 2018. We have taken a leadership role in working with governments and stakeholders across Australia on container deposit and refund schemes, including as a joint venture partner in Exchange for Change, the New South Wales Scheme Coordinator, and a founding partner in Container Exchange, a not-for-profit organisation that is the Product Responsibility Organisation that has established and now manages the Queensland container refund scheme which commenced in 2018. In addition, we have run the South Australian container deposit scheme for over 40 years through our wholly owned subsidiary Statewide Recycling.

We also welcome and support The Coca-Cola Company's 'World Without Waste' global packaging strategy, announced in January 2018, which has an industry-first goal of collecting and recycling the equivalent of every bottle or can it sells globally by 2030. In line with this commitment Coca-Cola Amatil has recently approved the business case for 50 per cent recycled plastic in its Australian portfolio, which will double the amount of recycled plastic being used by the Australian Beverages Business.

## OUR COMMUNITY



### PHILANTHROPY AND SPONSORSHIPS

### EMPLOYEE VOLUNTEERING AND GIVING

### DISASTER RELIEF AND RESILIENCE

### BUSINESS FOR DEVELOPMENT, INCLUDING FIRST PEOPLE'S RESILIENCE AND SOCIAL PROCUREMENT

We make a unique, sustained, and valued collective impact on the communities in which we operate. Our contribution in Australia, Indonesia, Papua New Guinea, New Zealand, Fiji and Samoa delivers outcomes in partnership with local communities to ensure they are relevant to local development needs and circumstances. We embrace the philosophy of *Gotong Royong*<sup>1</sup>, or community cooperation, and we will aspire to contribute the equivalent of one per cent of EBIT<sup>2</sup> and track the impact of this investment annually and over time.

Our contribution includes:

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

Since its establishment in 2002, the Coca-Cola Australia Foundation has provided more than \$15 million to hundreds of charities, positively impacting many young Australians.

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

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

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

**Coca-Cola Amatil's full Sustainability Report is available on our website [www.ccamatil.com](http://www.ccamatil.com)**

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

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

# BUSINESS AND SUSTAINABILITY RISKS

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

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

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

- Beverage industry risks
- Economic factors impacting demand and our cost base
- Cyber risk
- Regulatory risks
- Malicious product tampering risk
- Litigation risk
- Loss of social licence to operate
- Relationship with The Coca-Cola Company (TCCC) and other brand partners
- Key supplier risk
- Climate change risk
- Business continuity risk
- Workplace Health & Safety (WHS) risk
- Foreign exchange risk

## Beverage Industry Risks

Shifts in the non-alcoholic ready-to-drink (NARTD) beverage landscape, which have impacted the beverage profit pool in Australia, New Zealand and Indonesia, are a risk to Coca-Cola Amatil earnings. These include changing consumer trends, a fragmented and price competitive trading environment, increasing margin pressure as manufacturer margins are squeezed by major 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. While this shift

occurs, other non-sparkling, still beverage categories are experiencing strong growth and Coca-Cola Amatil continues to build its share in these categories. Coca-Cola Amatil is working closely with The Coca-Cola Company to leverage The Coca-Cola System's "Beverages for Life" strategy and leadership position in sparkling beverages to grow the sparkling beverages category (and its share of category) through up-weighted marketing investment, product innovation and extending customer reach. Coca-Cola Amatil continues to engage with stakeholders to raise awareness of the impacts of additional regulations and find industry-led initiatives to achieve public policy objectives with minimal impact to consumers and Coca-Cola Amatil. If the Group fails to offset a decline in sales of its sugar beverages and to provide the types of products that some of its consumers prefer, this could adversely affect its business and financial results.

## Economic Factors Impacting Demand and Our Cost Base

Despite solid macro-economic growth forecasts in Australia, Indonesia and New Zealand, the retail environment in these markets remains challenging as consumer spending remains subdued across a number of areas, particularly in relation to food and beverage retailing. This has been reflected in the proliferation of value and private label beverages beyond water, persistent retailer pricing pressure, as well as customer outlets closing or reducing stock holdings. Other key external economic factors potentially impacting Coca-Cola Amatil are likely to include input commodity prices, foreign exchange rates, PNG liquidity, tariffs and protectionism, and energy prices. To continue to become more cost-competitive, Coca-Cola Amatil is implementing a range of strategic cost reduction initiatives over 2019, build scale and relevance in the markets in which it operates, and continue to manage its commodity and foreign exchange risks.

## Cyber Risk

Cyber security and information privacy is an increasing challenge given the dynamic nature of these threats, and the shift away from safeguarding of financial assets to that of safeguarding intellectual property, supply chain systems, contractual agreements, operational technology and staff/customer information. Like many organisations, the majority of Coca-Cola Amatil's core activities and operations are enabled by technology. Coca-Cola 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. While Coca-Cola Amatil has a cyber security strategy and framework that adequately identifies and addresses threats, risks associated with cyber-attack are inherent in such systems.

## Regulatory Risks

The risks associated with regulatory interventions such as proposed container deposit schemes and potential sugar and plastics taxes continue to be a focus. The rising health consciousness of consumers and concern around increasing levels of waste globally, is giving rise to environmental and health advocates as they push for solutions to broader litter and obesity issues. Coca-Cola Amatil continues to engage with stakeholders to raise awareness of the impacts of additional regulations and develop initiatives to achieve public policy objectives with minimal impact to consumers and the Group. Coca-Cola Amatil is subject to regular tax audits across its jurisdictions and interacts with tax authorities on a range of issues as part of the ongoing operations of tax authorities. In addition, Coca-Cola Amatil has 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 all its countries of operation.

## Malicious Product Tampering Risk

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

## Litigation Risk

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

## Loss of Social Licence To Operate

A social licence to operate refers to the level of acceptance or approval by local communities and stakeholders of organisations (including employees) and their operations. A failure to deliver on Coca-Cola Amatil's consumer, investor and community expectations in

relation to the social and environmental impacts created by our activities could result in damage to our brand, reputation and consumer sentiment. Coca-Cola Amatil is committed to making a distinctive and positive contribution to the world in which we live, through product innovation, packaging innovation to reduce waste, and supporting diversity in the workplace. Delivering on our commitments grants us our social licence to operate. Our Sustainability Report details our commitments and tracks our progress against these commitments.

#### **Relationship With the Coca-Cola Company and Other Brand Partners**

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

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

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

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

#### **Key Supplier Risk**

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

If this risk materialised, the operations and profits of the Group could be adversely affected.

#### **Climate Change Risk**

The global climate is changing and will continue to in ways that affect the planning and day-to-day operations of businesses. Climate change effects that have the potential to impact Coca-Cola Amatil include changes in weather patterns such as increased temperatures, altered rainfall patterns, and more frequent or intense extreme events such as heatwaves, drought, storms and increased frequency of natural

disasters. These may cause major business disruption, increased energy costs, and key input scarcity (such as water, sugar and other agricultural ingredients). Business continuity frameworks are in place and are tested regularly to reduce the impact of any major disruption. In addition, Coca-Cola Amatil has water optimisation strategies, alternate supply arrangements and strong supplier relationships.

#### **Business Continuity Risk**

A manufacturing shutdown or disruption to business could have a major impact on profit and on Coca-Cola Amatil's reputation with both consumers and customers. Coca-Cola Amatil is focused on ensuring that business continuity frameworks are in place to address events (for example fire, explosion, civil unrest, terrorist attack etc.) that could result in a disruption.

#### **Workplace Health & Safety Risk**

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

#### **Foreign Exchange Risk**

The 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 it borrows money. The Group is also exposed to the effect of foreign exchange risk due to fluctuations in the value of the Australian dollar, Indonesian Rupiah 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, the lack of liquidity in the local Papua New Guinea currency market remains a risk for the Group. Although it hedges as a matter of policy certain of these exposure risks (principally foreign currency denominated borrowings) by the use of cross currency and foreign exchange swap transactions, there can be no assurance that the Group will be successful in eliminating such foreign currency risks.

#### **Capital and Financial Risk Management**

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

#### **Further Disclosure**

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



# DIRECTORS' REPORT

## Coca-Cola Amatil Limited and its subsidiaries

In accordance with the *Corporations Act 2001*, the Directors submit hereunder their Report on Coca-Cola Amatil Limited and its subsidiaries (referred to as Group), for the year ended 31 December 2018.

The Operating and Financial Review (OFR) on page 16 and the Remuneration Report on page 52 form part of this Directors' Report.

## 1 DIRECTORS

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

	Ordinary shares No.	Long-Term Incentive Plan (LTIP) share rights <sup>1</sup> No.
<b>Current</b>		
Ilana Rachel Atlas	42,000	—
Alison Mary Watkins	238,636	775,026
Massimo Borghetti, AO	15,994	—
Catherine Michelle Brenner	18,232	—
Julie Ann Coates <sup>2</sup>	—	—
Jorge Chavero Garduño <sup>3</sup>	—	—
Mark Graham Johnson	10,000	—
Paul Dominic O'Sullivan	22,500	—
Krishnakumar Thirumalai	8,100	—
<b>Former</b>		
Martin Jansen <sup>4</sup>		

1 Consists of the maximum number of unvested share rights in the 2017-2019 and 2018-2020 LTIP.

2 Appointed 1 March 2018.

3 Appointed 16 May 2018.

4 Retired 16 May 2018.

## 2 DIRECTORS' MEETINGS

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

	Board of Directors		Audit & Finance Committee <sup>1</sup>		Risk & Sustainability Committee <sup>1</sup>		People Committee <sup>1</sup>		Related Party Committee <sup>1</sup>		Nominations Committee <sup>1</sup>		Other Board Sub-Committees <sup>2</sup>	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
<b>Current</b>														
I.R. Atlas	10	10	4	4	5	5	6	6	7	7	3	3	9	9
A.M. Watkins	10	10	—	—	—	—	—	—	—	—	—	—	7	7
M. Borghetti, AO	10	9	—	—	5	5	6	6	7	7	3	3	—	—
C.M. Brenner	10	10	4	4	5	5	3	3	7	7	3	3	—	—
J.A. Coates	8	8	—	—	—	—	4	4	5	5	2	2	—	—
J.C. Garduño	8	8	2	1	2	1	—	—	—	—	2	2	—	—
M.G. Johnson	10	10	4	4	5	5	—	—	7	7	3	3	5	5
P.D. O'Sullivan	10	10	4	4	—	—	6	5	7	7	3	3	—	—
K. Thirumalai	10	9	—	—	5	4	6	5	—	—	3	2	—	—
<b>Former</b>														
M. Jansen	2	2	2	2	3	3	—	—	—	—	1	1	—	—

1 Refer to the Corporate Governance Statement at [www.ccamatil.com](http://www.ccamatil.com) for further details on committees.

2 Separate to Standing Board Committees, the Board delegated business to a Board Sub-Committee on several separate occasions during 2018.

# DIRECTORS' REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

## 3 INFORMATION ON DIRECTORS

Particulars of the qualification, other directorships, experience and special responsibilities of each Director as at the date of this report are set out in the front section of this Annual Report. Particulars relating to Directors who retired during 2018 are provided below:

### FORMER DIRECTOR – MARTIN JANSEN

**Non-Executive Director (Nominee of TCCC)**

**Retired on 16 May 2018**

Mr Jansen was a Non-Executive Director of the Company from December 2009 until his retirement in May 2018. He was a member of the Audit & Finance Committee, Risk & Sustainability Committee and Nominations Committee.

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

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

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

## 4 COMPANY SECRETARIES

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

### BETTY IVANOFF

**Group General Counsel**

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

### JANE MARGARET BOWD

**Group Company Secretary**

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

## 5 PRINCIPAL ACTIVITIES

Details of principal activities are set out in the OFR on page 17.

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

## 6 DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

## 7 INDEMNIFICATION OF AUDITORS

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

## 8 DIVIDENDS

	Rate per share ¢	Amount \$M	Date paid or payable
Final dividend (franked to 50%) declared on ordinary shares for 2018 (not recognised as a liability)	26.0	188.2	10 April 2019
Dividends paid on ordinary shares in the financial year:			
Final dividend (franked to 70%) declared on ordinary shares for 2017 (not recognised as a liability)	26.0	188.2	10 April 2018
Interim dividend for 2018 (franked to 65%)	21.0	152.0	9 October 2018

## 9 SHARE RIGHTS

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

## 10 ENVIRONMENTAL REGULATION AND PERFORMANCE

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

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

## 11 SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

## 12 EVENTS AFTER THE BALANCE DATE

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

## 13 ROUNDING

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

## 14 AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 131.

### NON-AUDIT SERVICES

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

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

- Other assurance services \$155.5 thousands
- Other services \$364.4 thousands

# REMUNERATION REPORT

## Coca-Cola Amatil Limited and its subsidiaries

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

The information contained in this Remuneration Report has been audited by Ernst & Young. Refer to the audit opinion on page 127.

## 1 INTRODUCTION FROM THE PEOPLE COMMITTEE CHAIR

Dear Shareholder,

I am pleased to introduce the Coca-Cola Amatil Remuneration Report for 2018. This report sets out the remuneration information for our KMP Senior Executives and Non-Executive Directors, and describes our remuneration framework.

### 2018 OUTCOMES

As described earlier in this annual report, 2018 was a transition year for the Group with earnings impacted by the planned investment in our Accelerated Australian Growth Plan and the implementation of container deposit schemes, compounded by economic factors in Indonesia and operational challenges in Papua New Guinea, and the non-cash impairment of SPC. This performance is reflected in the 2018 incentives, with the majority of our KMP Senior Executives earning short-term incentives well below target performance levels. Our New Zealand & Fiji businesses had another outstanding year delivering strong profit and revenue growth. Recognising this performance, our Managing Director, New Zealand & Fiji earned a short-term incentive close to the maximum opportunity.

With regards to long-term incentives, the 2016-2018 award was tested at 31 December 2018. This award measured performance over the three-year period from 1 January 2016 to 31 December 2018. The award did not vest due to our share price and earnings per share performance over this three-year period. In response to shareholder feedback, we have included additional detail in this year's report to assist shareholders with understanding the calculation of the earnings per share component of that award.

In the February 2018 remuneration review we made no changes to the remuneration for the Australian based KMP Senior Executives. This will also be the case for the February 2019 review.

### LOOKING AHEAD INTO 2019

As we continue through our transition, 2019 will include planned investments that will affect our profit (statutory relative to underlying) during the year. These investments are expected to produce growth in subsequent years. As we focus and hold our KMP Senior Executives to account for delivering through this period, our 2019 short-term incentive (and existing long-term incentive plan awards) will continue to be based on profit performance on a statutory basis. That said, the Board is also very mindful of the criticality of our underlying performance and we will ensure that underlying performance (what was planned relative to delivered) has been appropriately considered when determining incentive outcomes.

With our upcoming 2019-2021 long-term incentive plan awards (to be granted in May 2019), we will be simplifying these awards to focus solely on relative and absolute shareholder returns. This change retains strong alignment for our KMP Senior Executives with our shareholder value proposition and the resulting returns for shareholders. It also removes the difficulty that we have during our transition years of setting a three-year EPS target that is meaningful to participants, whilst acceptable to our shareholders.

There will be no change to Non-Executive Director remuneration in 2019.

I trust you find this report informative.



**Massimo (John) Borghetti**  
Chairman, People Committee  
Sydney  
21 February 2019

## 2 WHO IS COVERED BY THE REPORT

For 2018 the KMP Senior Executives and Non-Executive Directors are:

Name	Position	Changes during 2018
<b>KMP Senior Executives</b>		
A.M. Watkins	Executive Director and Group Managing Director	
M.J. Roberts <sup>1</sup>	Group Chief Financial Officer	
K. Gunduz	Managing Director, Indonesia & Papua New Guinea	
C.J. Litchfield	Managing Director, New Zealand & Fiji	
P. West	Managing Director, Australian Beverages	Appointed 30 April 2018
<b>Non-Executive Directors</b>		
I.R. Atlas	Chairman	
M. Borghetti, AO	Non-Executive Director	
C.M. Brenner	Non-Executive Director	
J.A. Coates	Non-Executive Director	Appointed 1 March 2018
J.C. Garduño	Non-Executive Director	Appointed 16 May 2018
M.G. Johnson	Non-Executive Director	
P.D. O'Sullivan	Non-Executive Director	
K. Thirumalai	Non-Executive Director	
<b>Former KMP Senior Executives</b>		
E.C. Wilson	Group Human Resources Director	Ceased to be KMP on 28 February 2018 and ceased employment on 30 April 2018
P. McLoughlin	Managing Director, Australian Beverages	Ceased to be KMP on 31 December 2017 and ceased employment on 1 July 2018
<b>Former Non-Executive Director</b>		
M. Jansen	Non-Executive Director	Retired 16 May 2018

<sup>1</sup> Mr Roberts also held the position of Acting Managing Director, Australian Beverages from January to April 2018.

# REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

## 3 KMP SENIOR EXECUTIVE REMUNERATION FRAMEWORK

### REMUNERATION STRATEGY AND PRINCIPLES

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

Our approach is guided by the following principles:

- Provide **competitive remuneration and benefits**, based on consideration of all the relevant inputs (e.g. experience, performance, market) to attract and retain the best leaders to lead Coca-Cola Amatil.
- Have a **significant proportion of remuneration at-risk**, with reward outcomes differentiated based on the achievement of financial and other business objectives, and with outcomes aligned to affordability and the outcomes we deliver for our shareholders.
- Re-enforce an **ownership mindset** by delivering a significant portion of at-risk remuneration as shares rather than cash, and through encouraging and facilitating the building of a shareholding in Coca-Cola Amatil.

### HOW REMUNERATION IS SET AND REVIEWED

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

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

### THE COMPONENTS OF REMUNERATION

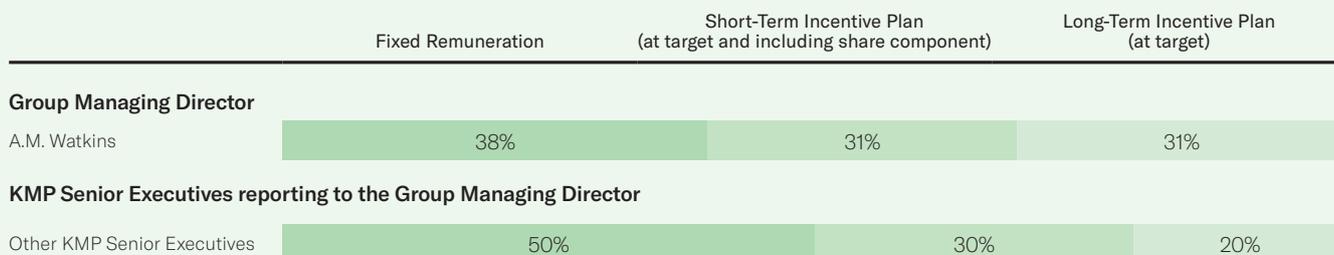
KMP Senior Executive remuneration consists of fixed and at-risk components:

<b>Fixed remuneration</b>	Provides salary and superannuation of 9.5% up to the amount required by the Superannuation Guarantee legislation. Mr Litchfield's superannuation is 8.5% of salary and Mr Litchfield also receives medical insurance cover and a car allowance.
<b>Short-Term Incentive Plan (with 40% delivered as Coca-Cola Amatil shares)</b>	<p>The Short-Term Incentive Plan (STIP) is the annual incentive plan for KMP Senior Executives. Awards under the Short-Term Incentive Plan are based on both performance and the way in which that performance was delivered (i.e. alignment with Coca-Cola Amatil's values).</p> <p>A portion is paid in cash and a portion (40%) delivered as Coca-Cola Amatil shares and deferred for up to two years to ensure continued alignment with shareholder outcomes and a sustainable positive impact beyond the performance year of the incentive.</p>
<b>Long-Term Incentive Plan</b>	The Long-Term Incentive Plan (LTIP) is an equity incentive plan used to align the reward of executives to the returns generated for Coca-Cola Amatil shareholders.
<b>Other benefits</b>	<p>The KMP Senior Executives are provided with other benefits including:</p> <ul style="list-style-type: none"><li>– a company product allowance</li><li>– annual health check</li><li>– participation in the Employees Share Plan (MyAmatil). The Employee Share Plan is open to all full and part-time employees of Coca-Cola Amatil on a voluntary basis, with each participant able to contribute up to 3% of base salary to purchase shares. For every share acquired a matching share is acquired, which under normal circumstances vest to the employee after a period of two years. There are no performance conditions. The Group Managing Director does not participate in this plan.</li><li>– life, total and permanent disability and salary continuance insurance premiums are also paid if the KMP Senior Executive chooses to be a member of the Coca-Cola Amatil Superannuation Plan in Australia.</li><li>– As an expatriate in Indonesia, Mr Gunduz's contract also provides for expatriate benefits including medical insurance, housing and utilities, home leave, school fees, and an expatriate allowance.</li></ul>

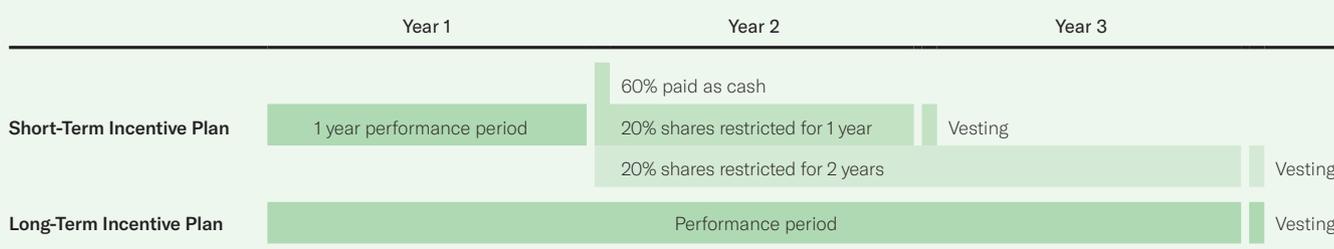
## THE FOCUS ON FIXED VERSUS AT-RISK, AND THE RELEVANT TIME PERIOD

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

The chart presents target total remuneration (i.e. target Short-Term Incentive Plan and target Long-Term Incentive Plan). At Coca-Cola Amatil, target performance focuses on delivering to the business financial targets we set, and successful delivery of individual business objectives each year. All targets are intended to be stretching yet achievable.



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



## MINIMUM SHAREHOLDING GUIDELINE

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

## PREVENTING UNINTENDED CONSEQUENCES

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

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

# REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

## 3 KMP SENIOR EXECUTIVE REMUNERATION FRAMEWORK (CONTINUED)

### REMUNERATION ACCOUNTABILITY FRAMEWORK

In 2018 we formalised how we consider the accountability of our KMP Senior Executives, putting in place an accountability framework. While the Board believes these have been adequately considered previously, this framework supports rigour and consistency with regards to how we ensure accountability and that consequences are appropriately reflected through remuneration. This framework:

- Describes the types of incidents that need to be identified and reported (e.g. safety, financial misstatements, breaches of code of conduct, poor audit findings, breaches of post-employment restraints).
- Is explicit on the potential types of remuneration consequence available (e.g. no remuneration review, reduced Short-Term Incentive Plan outcomes, or applying malus to unvested Short-Term Incentive Plan shares or Long-Term Incentive Plan awards).
- Considers each event on a case by case basis, recording precedents, ensuring consistency and reflecting both negative and positive outcomes.
- Typically reserves that decisions will be made at year-end having regard to the totality of the individual's contribution throughout the year.
- Notes that in serious cases there would be a broader consequence than remuneration, and the individual would leave Coca-Cola Amatil.

### WHAT TO EXPECT IN 2019

The table below summarises some key matters that the Board and People Committee will be taking into account when considering remuneration in 2019.

<b>Measuring profit for the 2019 STIP, and EPS for existing LTIP grants</b>	<p>As we continue through our transition period, 2019 will include planned investments that will affect our profit during the year. These investments are expected to produce growth in subsequent years.</p> <p>Consistent with current practice, our KMP Senior Executives are assessed against these targets with a focus on our statutory result. This approach ensures a focus on the whole result delivered for shareholders, including appropriately managing the one-off non-trading items (both costs and benefits). In 2019 some of these non-trading items will be relatively certain with the quantum requiring strong management by our KMP Senior Executives (e.g. the investment we are making in our Australian business). Other items are less certain on timing and realisation (e.g. our progress on our property strategy). When determining incentive outcomes, we will consider these non-trading items. Where necessary, we will adjust outcomes upward/downwards to best reflect the performance delivered against agreed plans and alignment to our shareholders.</p> <p>Whilst our 2019 incentives retain their focus on statutory profit, the Board is very mindful of the criticality of our underlying performance (what was planned relative to what we deliver) and will ensure that underlying performance has been appropriately considered when determining incentive outcomes.</p> <p>As we move out of the current transition period our intent is that we will shift to measuring profit for the Short-Term Incentive Plan on an underlying basis as the primary focus.</p>
<b>Performance conditions for upcoming 2019-2021 LTIP awards</b>	<p>With our upcoming 2019-2021 Long-Term Incentive Plan awards (to be granted in May 2019), we will be simplifying these awards to focus solely on relative and absolute shareholder returns. This change retains strong alignment for our KMP Senior Executives with our shareholder value proposition and the resulting returns for shareholders. It also removes the difficulty that we have during our transition years of setting a three-year EPS target that is meaningful to participants, whilst acceptable to our shareholders.</p>
<b>Description of LTIP</b>	<p>We are aligning our description of Long-Term Incentive Plan awards to market practice, whereby we will describe and communicate Long-Term Incentive Plan awards as the maximum face value rather than the target (our historic practice). We are implementing this change in description during 2019, and the content of this year's 2018 report continues to refer to target Long-Term Incentives.</p>

## 4 REMUNERATION GOVERNANCE

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

The Board	The People Committee	Management
Has accountability for KMP remuneration	Makes recommendations to the Board on Group Managing Director and Non-Executive Director remuneration	Prepares recommendations and information for the Committee's consideration and approval
Approves Group Managing Director remuneration	Approves executive reward strategy, incentive plans and KMP Senior Executive Remuneration	Implements the approved remuneration arrangements
Approves Non-Executive Director remuneration (with shareholder approval required for the overall limit)		

The Committee also has access to independent advice. In 2018, the Committee continued to utilise PricewaterhouseCoopers (PwC). In 2018, this was limited to market information with respect to the Group Managing Director's and the Non-Executive Directors' remuneration, and a market insight briefing for the Committee. No remuneration recommendations (as defined by the Corporations Act) were provided.

## 5 REMUNERATION DETAILS FOR 2018

### THE 2018 SHORT-TERM INCENTIVE PLAN

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

<b>What is the purpose of the Plan?</b>	The Short-Term Incentive Plan is the annual incentive plan that is used for the KMP Senior Executives. Awards under the plan are based on performance.
<b>What are the performance conditions and why were they chosen?</b>	<p>The 2018 plan has three components; profit, revenue and individual business objectives. Profit and revenue targets are based on our Board-approved business plans for the year, with the remaining component of the incentive containing specific business objectives set with each KMP Senior Executive which reflect their priorities for today and tomorrow as set out in the business plan and strategy. All targets are intended to be stretching yet achievable.</p> <p><b>The profit component (50%) and the revenue component (20%)</b></p> <p>For Coca-Cola Amatil as a whole, profit is measured as profit for the year attributable to shareholders of Coca-Cola Amatil, and as earnings before interest and tax (EBIT). These two measures are weighted equally. We believe the use of these two measures together, and weighted equally, ensures a focus on the profit result generated for shareholders, and reflects the underlying performance of the businesses (as better represented by the EBIT result). For the businesses, profit is measured as earnings before interest and tax (EBIT). Revenue is measured as trading revenue.</p> <p>The Group Managing Director and the Chief Financial Officer were measured on the Coca-Cola Amatil results, whereas the Managing Directors of individual businesses were assessed based predominantly on the performance of their businesses, with a small portion assessed against the Coca-Cola Amatil result.</p> <p>A threshold, target and stretch are set for Coca-Cola Amatil and each business based on the business plan and the degree of difficulty the Committee and management believe is inherent in the Coca-Cola Amatil and each business's targets. Each individual business therefore had a different threshold and stretch.</p> <p>The maximum that can be achieved, requiring achievement of the stretch targets, is 150% against the profit targets and the revenue targets.</p> <p><b>Individual business objectives (30%)</b></p> <p>This component is based on the achievement of objectives set at the beginning of the year. Each objective details a specific goal, and the related tasks and measures of success. They can include further financial metrics and both quantitative and qualitative objectives with relevant measures. Weightings are assigned to each objective to reflect their relative importance to delivery of the strategy and required focus.</p> <p>In addition to assessing the objectives, the Committee consider the remuneration accountability framework, and any further judgement overlay to reflect other results through the year (that were not reflected in the objectives), and how the performance was delivered (through demonstrating strong leadership aligned with the Coca-Cola Amatil values). The maximum that can be achieved is 150% against the individual business objectives.</p>

# REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

## 5 REMUNERATION DETAILS FOR 2018 (CONTINUED)

### THE 2018 SHORT-TERM INCENTIVE PLAN (CONTINUED)

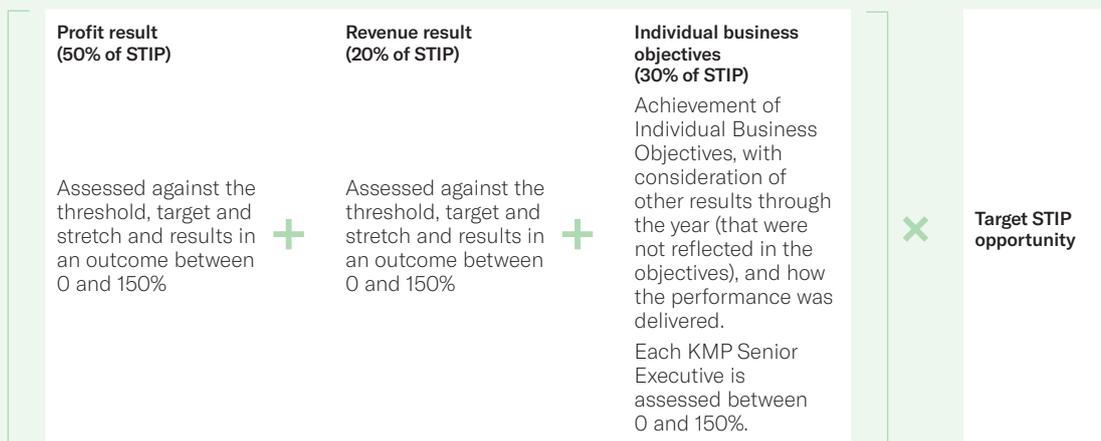
**How is performance assessed?** The Committee relies on the audited Coca-Cola Amatil financial results at the completion of the financial year to determine the extent to which the profit and revenue targets have been achieved.

Consistent with current practice, in 2018 our KMP Senior Executives were assessed against the profit targets with a focus on our statutory result. This approach ensures a focus on the whole result delivered for shareholders, including appropriately managing the one-off non-trading items (both costs and benefits). When determining incentive outcomes, the Committee consider these non-trading items. Where it judges appropriate, the Committee adjusts outcomes upwards or downwards to best reflect the performance delivered and alignment to our shareholders. The Committee seek to minimise such adjustments. In 2018, no adjustments were made to the statutory profit results for the purposes of incentive calculations.

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

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

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



**How much can the executive earn each year?** Each KMP Senior Executive has a target opportunity specified in their contract or remuneration review letter. The 2018 target Short-Term Incentive Plan opportunity for the Group Managing Director was 80% of fixed remuneration, and 60% for the other KMP Senior Executives. The maximum award an individual can earn is 150% of target.

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



The shares are purchased on market and held irrespective of whether the executive is employed by Coca-Cola Amatil during this period. The executive receives dividends and voting rights on the shares during this time. The shares are released to the executive at the end of the respective holding periods.

If an individual is terminated for cause, prior to the release date of the shares, the shares are forfeited.

**Is there any clawback discretion?** The Board has discretion to reduce the number of unvested Short-Term Incentive Plan shares (including to zero), where appropriate.

## THE 2018-2020 LONG-TERM INCENTIVE PLAN

Set out below is a summary of the terms and conditions of the 2018 grants made under the Long-Term Incentive Plan:

<b>What is the purpose of the Plan?</b>	The Long-Term Incentive Plan is an equity incentive plan used to align the reward of KMP Senior Executives to the returns generated for Coca-Cola Amatil shareholders.																	
<b>Who participates?</b>	The Board annually invites KMP Senior Executives to participate in the plan.																	
<b>What type of awards are granted?</b>	The Long-Term Incentive Plan is a grant of rights to Coca-Cola Amatil shares that vest after three years subject to the achievement of the performance conditions. There is no exercise price attached to the rights.																	
<b>What size of awards are granted?</b>	The 2018 target Long-Term Incentive Plan opportunity for the Group Managing Director was 80% of fixed remuneration, and 40% for other KMP Senior Executives.																	
<b>How is the number of rights determined?</b>	<p>The number of rights awarded is determined on a face value basis (i.e. by dividing the on-target award opportunity by the market price of Coca-Cola Amatil shares over the 30 days preceding the beginning of the performance period). This represents the target number of rights that can be earned based on achieving the performance conditions.</p> <p>The maximum number of rights is determined by the respective vesting schedules and for the 2018 grant is 200% of target. To achieve the maximum number of rights, each of the performance conditions must be met in full at their stretch levels of performance.</p> <p>As described in Section 3 of this report, we are aligning our description and communication approach to typical market practice and will move to describing the Long-Term Incentive Plan grants as the maximum face value rather than target (our historic practice).</p>																	
<b>What is the performance period?</b>	Grants made under the Long-Term Incentive Plan have a three-year performance period. For the 2018 grant, the performance period is from 1 January 2018 to 31 December 2020.																	
<b>What are the performance conditions and why were they chosen?</b>	<p>The performance conditions, targets and vesting schedules are reviewed each year prior to grants being made, to ensure they are aligned to the Coca-Cola Amatil strategy and with the interests of Coca-Cola Amatil shareholders.</p> <p>Three performance conditions apply to the 2018 grant. The performance conditions are Relative Total Shareholder Return; Absolute Total Shareholder Return; and Earnings per Share. One-third of the award will be assessed independently against each measure.</p> <p>The use of both measures of Total Shareholder Return will reward for both relative and absolute shareholder value creation, and the Committee believes that the two measures complement each other and provide a balanced assessment of performance in terms of the returns generated for shareholders. The absolute measure has the benefit of providing executives with clarity on the level of shareholder return to attain through delivering on the Coca-Cola Amatil strategy and generating share price growth and dividends for shareholders.</p> <p>Earnings per Share is used as the third measure as it provides a clear focus on meeting the earnings expectations communicated to the market, being the delivery of mid-single digit earnings growth.</p>																	
<b>What is the Relative Total Shareholder Return performance condition and target?</b>	<p>Relative Total Shareholder Return (Relative TSR) represents the change in the value of Coca-Cola Amatil's share price over the performance period plus reinvested dividends, expressed as a percentage of the opening value of the share.</p> <p>Coca-Cola Amatil's Relative TSR is measured over the performance period and assessed against the TSR of the comparator group over the same period. Coca-Cola Amatil is then given a percentile ranking based on its comparative TSR performance. The comparator group comprises the ASX 100 (less banking and mining companies) as defined at the start of the performance period, reflecting a peer group of comparable top 100 Australian listed companies.</p> <p>The proportion of rights in this tranche that vest is determined based on the following table:</p> <table border="1"> <thead> <tr> <th>Total Shareholder Return percentile vs. comparator group</th> <th>Percentage of target that vests</th> <th>Percentage of maximum that vests</th> </tr> </thead> <tbody> <tr> <td>Less than 51st</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>51st</td> <td>100%</td> <td>50%</td> </tr> <tr> <td>Between 51st and 75th</td> <td>Pro-rata vesting on a straight-line basis between 100% and 200%</td> <td>Pro-rata vesting on a straight-line basis between 50% and 100%</td> </tr> <tr> <td>75th and above</td> <td>200%</td> <td>100%</td> </tr> </tbody> </table>			Total Shareholder Return percentile vs. comparator group	Percentage of target that vests	Percentage of maximum that vests	Less than 51st	Nil	Nil	51st	100%	50%	Between 51st and 75th	Pro-rata vesting on a straight-line basis between 100% and 200%	Pro-rata vesting on a straight-line basis between 50% and 100%	75th and above	200%	100%
Total Shareholder Return percentile vs. comparator group	Percentage of target that vests	Percentage of maximum that vests																
Less than 51st	Nil	Nil																
51st	100%	50%																
Between 51st and 75th	Pro-rata vesting on a straight-line basis between 100% and 200%	Pro-rata vesting on a straight-line basis between 50% and 100%																
75th and above	200%	100%																

# REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

## 5 REMUNERATION DETAILS FOR 2018 (CONTINUED)

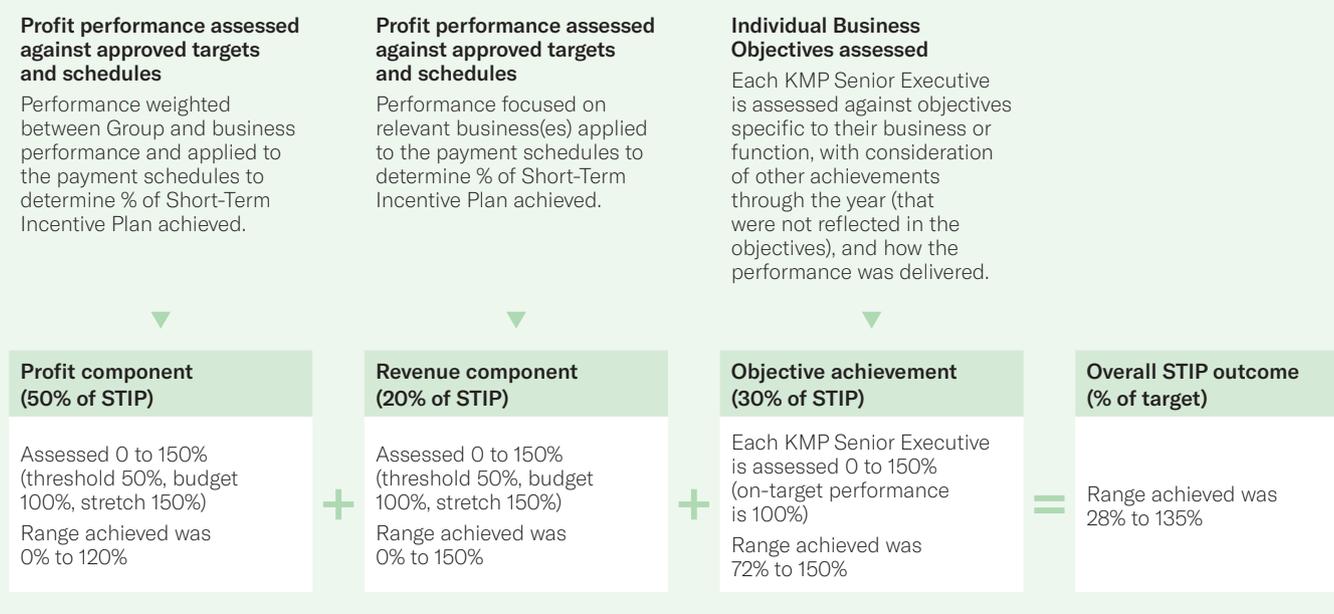
### THE 2018-2020 LONG-TERM INCENTIVE PLAN (CONTINUED)

<b>What is the Absolute Total Shareholder Return performance condition and target?</b>	<p>Coca-Cola Amatil's Absolute Total Shareholder Return (Absolute TSR) is measured over the performance period and assessed relative to a target of 8% compound annual growth rate (CAGR) for partial vesting and a target for maximum vesting of 12% CAGR.</p> <p>The proportion of rights in this tranche that vest is determined based on the following table:</p> <table border="1"> <thead> <tr> <th>Total Shareholder Return – CAGR</th> <th>Percentage of target that vests</th> <th>Percentage of maximum that vests</th> </tr> </thead> <tbody> <tr> <td>Less than 8%</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>8%</td> <td>100%</td> <td>50%</td> </tr> <tr> <td>Between 8% and 12%</td> <td>Pro-rata vesting on a straight-line basis between 100% and 200%</td> <td>Pro-rata vesting on a straight-line basis between 50% and 100%</td> </tr> <tr> <td>12% and above</td> <td>200%</td> <td>100%</td> </tr> </tbody> </table>	Total Shareholder Return – CAGR	Percentage of target that vests	Percentage of maximum that vests	Less than 8%	Nil	Nil	8%	100%	50%	Between 8% and 12%	Pro-rata vesting on a straight-line basis between 100% and 200%	Pro-rata vesting on a straight-line basis between 50% and 100%	12% and above	200%	100%
Total Shareholder Return – CAGR	Percentage of target that vests	Percentage of maximum that vests														
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8%	100%	50%														
Between 8% and 12%	Pro-rata vesting on a straight-line basis between 100% and 200%	Pro-rata vesting on a straight-line basis between 50% and 100%														
12% and above	200%	100%														
<b>What is the Earnings per Share performance condition and target?</b>	<p>For the 2018-2020 grant only, a transitional approach has been adopted to measuring EPS. For this grant EPS is assessed against a growth target for the financial year 2020 (i.e. 2019 to 2020) of 5%, which is consistent with our shareholder value proposition and delivering mid-single digit earnings per share growth in the medium term. The stretch target has been set at 8% and must be met to achieve maximum vesting.</p> <p>In addition, the average EPS over the full performance period (i.e. the financial years 2017-2018, 2018-2019 and 2019-2020) is required to exceed our three-year business plan EPS target. If this requirement is not met, none of the EPS rights will vest.</p> <p>The table below summarises the percentage vesting and number of share rights vesting in the EPS component for different levels of EPS performance in the financial year 2020, assuming that the average EPS requirement is also met:</p> <table border="1"> <thead> <tr> <th>EPS growth 2019-2020</th> <th>Percentage of target that vests</th> <th>Percentage of maximum that vests</th> </tr> </thead> <tbody> <tr> <td>Less than 5%</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>5%</td> <td>100%</td> <td>50%</td> </tr> <tr> <td>Between 5% and 8%</td> <td>Pro-rata vesting on a straight-line basis between 100% and 200%</td> <td>Pro-rata vesting on a straight-line basis between 50% and 100%</td> </tr> <tr> <td>8% and above</td> <td>200%</td> <td>100%</td> </tr> </tbody> </table>	EPS growth 2019-2020	Percentage of target that vests	Percentage of maximum that vests	Less than 5%	Nil	Nil	5%	100%	50%	Between 5% and 8%	Pro-rata vesting on a straight-line basis between 100% and 200%	Pro-rata vesting on a straight-line basis between 50% and 100%	8% and above	200%	100%
EPS growth 2019-2020	Percentage of target that vests	Percentage of maximum that vests														
Less than 5%	Nil	Nil														
5%	100%	50%														
Between 5% and 8%	Pro-rata vesting on a straight-line basis between 100% and 200%	Pro-rata vesting on a straight-line basis between 50% and 100%														
8% and above	200%	100%														
<b>How are performance conditions assessed?</b>	<p>At the completion of the three-year performance period, an external consultant undertakes the Relative TSR and Absolute TSR calculations to ensure independence of the calculation.</p> <p>For the EPS performance condition, the Committee relies on the audited financial results. EPS is measured applying the same approach to assessing profit as described in the Short-Term Incentive Plan section of this report. Where adjustments are made to the EPS calculation these will be clearly documented in the remuneration report when the awards are tested.</p> <p>The Committee reviews the findings of the performance assessments and approves the vesting or lapsing of awards in accordance with the vesting tables.</p>															
<b>Is retesting permitted?</b>	There is no retesting of performance if performance conditions are not met at the end of the three-year performance period.															
<b>What happens on ceasing employment?</b>	<p>Where a participant resigns or is terminated for cause before the end of the performance period, all rights will lapse immediately.</p> <p>If a participant ceases employment before the end of the performance period for any other reason, unless the Board determines otherwise:</p> <ul style="list-style-type: none"> <li>– if more than one-third of the performance period has elapsed, the rights will be pro-rated to the date of cessation and tested against the performance conditions at the end of the performance period; or</li> <li>– where less than one-third of the performance period has elapsed, all rights will lapse immediately.</li> </ul>															
<b>What happens if a change of control occurs?</b>	<p>In the event of a change of control prior to the end of the performance period, the Board has retained discretion to remove the performance condition. If the Board exercises this discretion, any award will be made at the higher of the number:</p> <ul style="list-style-type: none"> <li>– of target rights offered; or</li> <li>– that would have been allocated under the actual performance conditions, based on the most recent monthly testing of the Relative and Absolute TSR and the annual testing of the EPS condition.</li> </ul>															
<b>Are there dividends or voting rights?</b>	There are no dividend entitlements or voting rights attached to the rights awarded. It is only if the rights vest and shares are acquired, that there is any entitlement to receive dividends and voting rights.															
<b>Is there any clawback discretion?</b>	The Board has discretion to reduce the number of unvested LTI rights (including to zero), where appropriate.															

## ACTUAL REMUNERATION RECEIVED IN 2018

### 2018 Short-Term Incentive Plan outcomes – summary outcomes

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



# REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

## 5 REMUNERATION DETAILS FOR 2018 (CONTINUED)

### ACTUAL REMUNERATION RECEIVED IN 2018 (CONTINUED)

The table below summarises the 2018 performance and Short-Term Incentive Plan outcomes for the KMP Senior Executives.

KMP Senior Executive	STIP outcome	Profit outcome (50%)	Revenue outcome (20%)
Group Managing Director	33% of target (22% of max)	Group: Missed Threshold	Group: Slightly above Threshold
Group Chief Financial Officer	36% of target (24% of max)		
Managing Director, Indonesia & Papua New Guinea	28% of target (19% of max)	Group: Missed Threshold Indonesia and PNG: Missed Threshold	Indonesia: Missed Threshold PNG: Achieved close to Stretch
Managing Director, New Zealand & Fiji	135% of target (90% of max)	Group: Missed Threshold New Zealand & Fiji: Achieved Stretch	New Zealand: Achieved Stretch
Managing Director, Australian Beverages	56% of target (37% of max)	Group: Missed Threshold Australian Beverages: Slightly above Threshold Australian Alcohol: Achieved Stretch	Australian Beverages: Missed Threshold

Objectives (30%)

Objectives	Assessment
<ol style="list-style-type: none"> <li>1. Australian Beverages Accelerated Growth Plan on track and delivering;</li> <li>2. Leading a strong customer focus, particularly in Australia;</li> <li>3. Accelerating our growth ambitions;</li> </ol>	<p>Substantial progress was made on the Accelerated Growth Plan, with a strong personal role from Ms Watkins with significant and successful leadership transitions in Australian Beverages and Coca-Cola South Pacific, improved core processes, however some initiatives behind plan.</p> <p>Customer focus was reinforced in multiple ways, including resource allocation, personal contact and leadership, and winning and retaining several significant customer accounts.</p> <p>Strong personal focus on our growth ambitions, with a hands-on role in the Indonesia strategy refresh, completed several acquisitions, launched Amatil X, however some initiatives were behind plan.</p> <p>The outcome was reduced by an accountability adjustment, reflecting process shortcomings in Group and PNG which were identified during the year (and have now been rectified).</p>
<ol style="list-style-type: none"> <li>1. Contribution to the Australian Beverages Accelerated Growth Plan being on track and delivering.</li> <li>2. Accelerating our growth ambitions.</li> <li>3. Delivering the Finance functions most significant 2018 strategic initiatives.</li> </ol>	<p>Strong support for the Accelerated Growth Plan including leading the Australian business from February to April, improving core processes, however some initiatives behind plan.</p> <p>Stepped up our focus on transactions with concrete progress (e.g. Made Group) and new opportunities.</p> <p>Good progress on property transactions, strong management of CFO successions across our businesses, and drove a 16-point lift in engagement in the finance function.</p> <p>The outcome was reduced by an accountability adjustment reflecting process shortcomings in Group and PNG which were identified during the year (and have now been rectified).</p> <p>An upward adjustment was also applied to reflect the period leading the Australian Beverages business.</p>
<ol style="list-style-type: none"> <li>1. Grow share of NARTD.</li> <li>2. Drive the Accelerate to Transform strategic priorities.</li> <li>3. Strengthen the PNG five-year strategy and plan.</li> </ol>	<p>We achieved further share gains in sparkling and held share in tea. Numeric distribution grew in all categories and substantially exceeded market share. Overall share of NARTD (excluding water) was broadly flat.</p> <p>The business continued to deliver substantial productivity gains through Accelerate to Transform.</p> <p>Our aims for PNG were not achieved due to the issues that arose. However, the subsequent changes in leadership are progressing well.</p>
<ol style="list-style-type: none"> <li>1. Building our portfolio.</li> <li>2. Expanding reach through customer growth.</li> <li>3. Strengthen relationships with key partners.</li> <li>4. Building for tomorrow through our capital program.</li> </ol>	<p>We expanded our portfolio and customer reach, driving market share growth.</p> <p>Strong partner relationships facilitated good negotiation outcomes for Coca-Cola Amatil and our partners.</p> <p>The major capital programs in NZ and Fiji have been delivered on time and budget.</p>
<ol style="list-style-type: none"> <li>1. Refine the 2019 Accelerated Growth Plan with clear prioritisation.</li> <li>2. Search and reapply the learnings and best practice from our New Zealand team.</li> <li>3. Build a clear marketplace strategy for optimising our product pack offering that provides focus and supply chain efficiency.</li> </ol>	<p>Simplified and prioritised our focus within the Accelerated Growth Plan.</p> <p>Collaborated to leverage key learnings from the New Zealand team into our Australian business.</p> <p>Strong focus on rationalising product pack offering and driving efficiency in our supply chain.</p>

# REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

## 5 REMUNERATION DETAILS FOR 2018 (CONTINUED)

### ACTUAL REMUNERATION RECEIVED IN 2018 (CONTINUED)

#### 2016-2018 Long-Term Incentive Plan grants – tested at the conclusion of the 2018 year

The performance period for the 2016-2018 Long-Term Incentive Plan commenced on 1 January 2016 and concluded on 31 December 2018. Performance was assessed at the conclusion of the 2018 year and as a result of performance over the three-year period there was no vesting and the awards have lapsed.

Grant	Performance period	Performance measure	Weighting	Target	Stretch	Performance achieved
2016-2018	1 January 2016 to 31 December 2018	EPS	1/3	5%	8%	(6.7%) average EPS*, Nil vesting
		Relative TSR	1/3	51st percentile	75th percentile	33rd percentile, Nil vesting
		Absolute TSR	1/3	8%	12%	6.6% p.a., Nil vesting

\* As described in Section 5 of this Remuneration Report, EPS for the Long-Term Incentive Plan is measured with a primary focus on our statutory EPS result. The People Committee consider this result and whether any adjustments are necessary. For the purposes of the 2016-2018 Long-Term Incentive Plan, EPS was calculated as follows:

Measurement period	Start EPS	End EPS	%	Notes
2016 vs. 2015	51.5c (statutory)	54.7c (statutory excluding SPC impairment)	6.2%	As disclosed in the 2016 and 2017 Remuneration Reports, we excluded the SPC impairment from the 2016 result for all incentive calculations for the rationale previously described.
2017 vs. 2016	54.7c (statutory excluding SPC impairment)	59.8c (statutory)	9.3%	
2018 vs. 2017	59.8c (statutory)	38.5c (statutory)	(35.6%)	The 2018 EPS is the statutory EPS result with no adjustments.
3-year Average			(6.7%)	Consistent with our historic approach, this is calculated as the simple average.

#### Consideration of whether any adjustment should be made to unvested STIP Shares or LTIP

Each year the Committee considers whether any events have occurred (or become apparent) during the year that merit any reduction to unvested Short-Term Incentive Plan shares or Long-Term Incentive Plan awards. Applying the remuneration accountability framework, the Committee considered the 2018 year and determined that no such adjustment was required for KMP Senior Executives.

#### Five-year performance table

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

Financial year end 31 December	2014	2015	2016	2017	2018
Profit for the year attributable to shareholders of Coca-Cola Amatil Limited (before non-trading items) (\$m)	375.5	393.4	417.9	416.2	388.3 <sup>1</sup>
Profit for the year attributable to shareholders of Coca-Cola Amatil Limited (\$m)	272.1	393.4	246.1	445.2	279.0
EPS (before non-trading items) (cents)	49.2	51.5	54.7	55.9	53.6 <sup>1</sup>
EPS (cents)	35.6	51.5	32.2	59.8	38.5
Dividend per share (cents)	42.0	43.5	46.0	47.0	47.0
Closing share price (\$)	9.32	9.30	10.12	8.51	8.19

1 Excluding loss after tax of SPC (treated as a discontinued operation in the financial report totalling \$122.5 million).

### The remuneration received by KMP Senior Executives

The following table sets out the value of the remuneration received by KMP Senior Executives during the year. The figures in this table differ from those shown in the statutory table later in Section 5 mainly because the statutory table includes an apportioned accounting value for all unvested Long-Term Incentive Plan grants (which remain subject to the satisfaction of performance and service conditions and may not ultimately vest).

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

The table below shows:

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

	Fixed remuneration					At-risk – performance related			Other	Total \$
	Salary \$	Leave accrual \$	Non-monetary benefits <sup>1</sup> \$	Other <sup>1</sup> \$	Super-annuation \$	STIP excluding post-tax share Component <sup>2</sup> \$	Vesting of STIP shares <sup>3</sup> \$	Vesting of LTIP <sup>4</sup> \$	ESP matching shares <sup>5</sup> \$	
A.M. Watkins	2,179,710	92,208	10,216	–	20,290	457,276	297,873	–	–	3,057,573
M.J. Roberts	916,048	3,507	5,737	–	20,290	157,924	110,183	–	26,804	1,240,493
K. Gunduz	737,735	–	488,999	368,362	20,290	93,786	167,781	–	20,403	1,897,356
C.J. Litchfield	528,663	–	710	51,841	44,936	379,656	126,987	–	12,259	1,145,052
P. West <sup>6</sup>	757,544	41,068	4,399	–	15,278	201,947	–	–	–	1,020,236

1 Details are as under:

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

2 The cash component of the 2018 Short-Term Incentive Plan (which is payable in March 2019) excluding the post-tax share component. The shares are restricted half for one year and half for two years. The share amounts will be disclosed in the above table in the year of vesting.

3 Vesting of the share component of the Short-Term Incentive Plan for prior year incentives. The amounts shown represent half of the share component of the 2016 Short-Term Incentive Plan and half of the share component of the 2017 Short-Term Incentive Plan. The value represents the post-tax dollar amount used to purchase Coca-Cola Amatil shares.

4 The 2016-2018 Long-Term Incentive Plan did not vest and the award lapsed.

5 The matching shares that vested during 2018. The value represents the dollar amount used to purchase Coca-Cola Amatil shares.

6 Appointed as KMP on 30 April 2018.

### The remuneration earned and lapsed for KMP Senior Executives

	Plan	Actual % of target %	Actual % of maximum %	Forfeited % of maximum %
A.M. Watkins	2018 STIP	33	22	78
	2016-18 LTIP	–	–	100
M.J. Roberts	2018 STIP	36	24	76
	2016-18 LTIP	–	–	100
K. Gunduz	2018 STIP	28	19	81
	2016-18 LTIP	–	–	100
C.J. Litchfield	2018 STIP	135	90	10
	2016-18 LTIP	–	–	100
P. West	2018 STIP	56	37	63

# REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

## 5 REMUNERATION DETAILS FOR 2018 (CONTINUED)

### TOTAL REMUNERATION REPORTED IN 2018 – STATUTORY TABLE

The following table shows the total remuneration for the KMP Senior Executives during the current and previous reporting periods. The table has been prepared in accordance with the accounting standards, and accordingly differs from the information presented in the actual remuneration earned in 2018 section above. Amounts are calculated from the date the individual was appointed to the KMP position or up to the date the individual ceased to hold the KMP position.

	Year	Fixed				
		Short-Term				Post-employment
		Salary \$	Leave accrual \$	Non-monetary benefits <sup>1</sup> \$	Other benefits <sup>1</sup> \$	Superannuation \$
<b>KMP Senior Executives</b>						
A.M. Watkins Executive Director and Group Managing Director	2018	2,179,710	92,208	10,216	—	20,290
	2017	2,180,168	—	9,341	—	19,832
M.J. Roberts Group Chief Financial Officer	2018	916,048	3,507	5,737	—	20,290
	2017	912,699	11,035	5,501	—	19,832
K. Gunduz Managing Director, Indonesia & Papua New Guinea	2018	737,735	—	488,999	368,362	20,290
	2017	667,087	—	509,501	349,026	19,832
C.J. Litchfield Managing Director, New Zealand & Fiji	2018	528,663	—	710	51,841	44,936
	2017	517,933	45,846	7,301	48,185	44,024
P. West (appointed 30 April 2018) Managing Director, Australian Beverages	2018	757,544	41,068	4,399	—	15,278
<b>Former KMP Senior Executives</b>						
E.C. Wilson (ceased role on 28 February 2018 <sup>4</sup> ) Group Human Resources Director	2018	112,983	—	1,402	—	8,231
	2017	687,285	—	6,286	—	19,832
P. McLoughlin (ceased role on 31 December 2017) Acting Managing Director, Australian Beverages	2017	426,857	209	1,458	—	15,920
B. O'Connell (ceased role on 13 March 2017) Managing Director, Australian Beverages	2017	170,971	1,590	5,491	—	3,912
<b>Total KMP Senior Executives</b>	<b>2018</b>	<b>5,232,683</b>	<b>136,783</b>	<b>511,463</b>	<b>420,203</b>	<b>129,315</b>
	<b>2017</b>	<b>5,563,000</b>	<b>58,680</b>	<b>544,879</b>	<b>397,211</b>	<b>143,184</b>

1 Benefits are:

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

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

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

4 E.C. Wilson ceased her role as the Group Human Resources Director on 28 March 2018. After the conclusion of a brief handover period, E.C. Wilson was provided with one month's notice per her employment contract and severance of one month's fixed remuneration per year of Coca-Cola Amatil service. No 2018 Short-Term Incentive Plan payment was made as she was in the role for less than six months of the year, and she was treated as a good leaver for the purposes of the prior year deferred Short-Term Incentive Plan shares and Long-Term Incentive Plan grants. That is, the deferred Short-Term Incentive Plan shares continue in the plan and will be released at their normal dates, and a pro-rata portion of the 2016 and 2017 Long-Term Incentive Plan will continue in the plan and be tested at their normal dates.

At-risk – performance related			Total remuneration	
Short-Term	Share-based payments			Performance related
STIP <sup>2</sup> \$	LTIP <sup>3</sup> \$	ESP matching shares \$	\$	%
580,300	1,223,697	—	4,106,421	44
1,270,500	1,632,918	—	5,112,759	57
200,411	286,025	27,481	1,459,499	33
464,049	221,511	27,381	1,662,008	41
130,258	203,475	22,132	1,971,251	17
549,655	259,798	20,013	2,374,912	34
518,655	167,598	15,860	1,328,263	52
501,316	188,155	15,538	1,368,298	50
256,278	143,411	22,726	1,240,704	32
—	2,224	3,389	128,229	2
310,400	185,065	20,619	1,229,487	40
154,299	46,919	21,360	667,022	30
—	33,134	4,663	219,761	15
<b>1,685,902</b>	<b>2,026,430</b>	<b>91,588</b>	<b>10,234,367</b>	
<b>3,250,219</b>	<b>2,567,500</b>	<b>109,574</b>	<b>12,634,247</b>	

# REMUNERATION REPORT (CONTINUED)

## Coca-Cola Amatil Limited and its subsidiaries

### 6 KMP SENIOR EXECUTIVE EMPLOYMENT AGREEMENTS

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

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

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

In addition to the above Ms Watkins' employment contract specifies that on cessation of employment the minimum one-year service requirement for pro-rata eligibility for existing Long-Term Incentive Plan grants does not apply.

### 7 NON-EXECUTIVE DIRECTOR REMUNERATION

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

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

The following changes were made to fees in 2018:

- In March 2018 to reflect similar expectations and time commitments, we aligned the fees of the Committees (reducing the Audit & Finance Committee fees and increasing the fees for the Sustainability & Risk Committee and the People Committee).
- In August 2018 we appointed our first Independent Non-Executive Director (Mark Johnson) to the Board of Commissioners of PT Coca-Cola Bottling Indonesia (CCAI) and PT Coca-Cola Distribution Indonesia (CCDI).

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

There will be no change to Non-Executive Director remuneration in 2019.

**Directors' fees** The annual Directors' fees (excluding superannuation contributions) payable to Non-Executive Directors for the year ended 31 December 2018 were as follows:

	Chairman Fee \$	Member Fee \$
Board of Directors	490,000	169,100
Audit & Finance Committee	35,000	17,500
Risk & Sustainability Committee	35,000	17,500
People Committee	35,000	17,500
Indonesia Board of Commissioners	—	25,000

No fees are payable in respect of membership of the Related Party Committee or the Nominations Committee. The Chairman of the Board does not receive any Committee fees.

**Director shareholding requirement** As described last year, a revised requirement was implemented effective October 2016. The directors are required to hold an amount equivalent to 50% of the pre-tax Director base fee within three years of appointment, and 100% within five years of appointment.

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

**Superannuation contributions** Contributions required under the Superannuation Guarantee legislation are made by the Company on behalf of Non-Executive Directors.

**Other benefits** The Non-Executive Directors are able to access the staff sampling program that provides employees with a limited amount of company products for personal consumption. Additionally, the Company funds the cost for Australian Immigration Department-compliant private health cover for Messrs Jansen, Thirumalai and Garduño for the sole purpose of meeting the Australian government visa requirements. As such, this cover is not considered to be a benefit provided to these Directors.

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

	Year	Short-Term		Post-employment	Total \$
		Base fees \$	Committee fees \$	Superannuation \$	
<b>Non-Executive Directors</b>					
I.R. Atlas Appointed Chairman on 16 May 2017	2018	490,000	—	20,290	510,290
	2017	370,244	18,295	19,832	408,371
M. Borghetti, AO	2018	169,100	51,256	20,290	240,646
	2017	169,100	35,585	19,402	224,087
C.M. Brenner	2018	169,100	59,034	20,290	248,424
	2017	169,100	65,456	19,832	254,388
J.A. Coates Appointed on 1 March 2018	2018	140,917	11,096	13,876	165,889
J.C. Garduño Appointed on 16 May 2018	2018	105,915	22,017	12,154	140,086
M.G. Johnson	2018	169,100	63,531	20,290	252,921
	2017	169,100	49,370	20,137	238,607
P.D. O'Sullivan Appointed on 1 March 2017	2018	169,100	35,309	19,419	223,828
	2017	140,917	23,102	15,582	179,601
K. Thirumalai	2018	169,100	34,644	19,356	223,100
	2017	169,100	26,733	18,604	214,437
<b>Former Non-Executive Directors</b>					
M. Jansen Retired on 16 May 2018	2018	63,640	13,577	7,336	84,553
	2017	169,100	36,856	19,566	225,522
D.M. Gonski, AC, Chairman Retired on 16 May 2017	2017	184,638	—	8,173	192,811
A.G. Froggatt Retired on 16 May 2017	2017	63,719	13,888	7,373	84,980
W.M. King, AO Retired on 16 May 2017	2017	63,719	6,192	6,642	76,553
D.E. Meiklejohn, AM Retired on 16 May 2017	2017	63,719	20,699	7,464	91,882
<b>Total Non-Executive Directors</b>	<b>2018</b>	<b>1,645,972</b>	<b>290,464</b>	<b>153,301</b>	<b>2,089,737</b>
	<b>2017</b>	<b>1,732,456</b>	<b>296,176</b>	<b>162,607</b>	<b>2,191,239</b>

# REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

## 8 KMP SHAREHOLDINGS

### KMP SENIOR EXECUTIVES

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

The table overleaf shows the movements in shareholdings for KMP Senior Executives during 2018. These include:

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

		Opening balance	Purchased, granted or DRP <sup>1</sup>	Transfers/others	Closing balance
A.M. Watkins	Purchased and vested shares	187,740	5,855	30,210	223,805
	STIP shares	15,378	29,663	(30,210)	14,831
		<b>203,118</b>	<b>35,518</b>	<b>–</b>	<b>238,636</b>
M.J. Roberts	Purchased and vested shares	13,139	–	14,818	27,957
	STIP shares	5,747	10,834	(11,164)	5,417
	Employee Share Plan shares	12,040	6,044	(5,954)	12,130
	<b>30,926</b>	<b>16,878</b>	<b>(2,300)</b>	<b>45,504</b>	
K. Gunduz	Purchased and vested shares	63,848	5,045	17,670	86,563
	STIP shares	8,558	16,949	(17,033)	8,474
	Employee Share Plan shares	9,050	4,632	(4,534)	9,148
	<b>81,456</b>	<b>26,626</b>	<b>(3,897)</b>	<b>104,185</b>	
C.J. Litchfield	Purchased and vested shares	57,898	4,359	12,933	75,190
	STIP shares	5,635	14,796	(13,033)	7,398
	Employee Share Plan shares	6,326	3,422	(2,716)	7,032
	<b>69,859</b>	<b>22,577</b>	<b>(2,816)</b>	<b>89,620</b>	
P. West	Employee Share Plan shares	–	4,248	–	4,248
		<b>–</b>	<b>4,248</b>	<b>–</b>	<b>4,248</b>
<b>Former KMP</b>					
E.C. Wilson <sup>2</sup>	Purchased and vested shares	41,841	–	(41,841)	–
	STIP shares	4,194	7,247	(11,441)	–
	Employee Share Plan shares	8,998	818	(9,816)	–
	<b>55,033</b>	<b>8,065</b>	<b>(63,098)</b>	<b>–</b>	

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

2 E.C. Wilson ceased to be KMP on 28 February 2018.

## NON-EXECUTIVE DIRECTORS

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

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

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

The table below shows the movements in ordinary shares that are held by Non-Executive Directors during 2018:

	Opening balance <sup>1</sup>	Purchased, DRP or other <sup>2</sup>	Closing balance
I.R. Atlas	42,000	–	42,000
M. Borghetti, AO	9,994	6,000	15,994
C.M. Brenner	18,232	–	18,232
J.A. Coates	–	–	–
J.C. Garduño	–	–	–
M.G. Johnson	10,000	–	10,000
P.D. O'Sullivan	16,000	6,500	22,500
K. Thirumalai <sup>3</sup>	8,100	–	8,100
<b>Former KMP</b>			
M. Jansen <sup>4</sup>	10,173	(10,173)	–

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

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

3 Shares held in the form of American Depository Receipts.

4 M. Jansen retired on 16 May 2018 and ceased to be KMP.

# REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

## 9 ADDITIONAL EQUITY DISCLOSURES

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

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

	Plan	Grant date	Maximum number of share rights <sup>1</sup>				Closing balance <sup>2</sup>
			Opening balance	Granted	Vested	Lapsed/Other	
A.M. Watkins	2016-2018	18 May 2016	390,624	—	—	(390,624)	—
	2017-2019	16 May 2017	360,822	—	—	—	360,822
	2018-2020	17 May 2018	—	414,204	—	—	414,204
			<b>751,446</b>	<b>414,204</b>	<b>—</b>	<b>(390,624)</b>	<b>775,026</b>
M.J. Roberts	2016-2018	18 May 2016	119,208	—	—	(119,208)	—
	2017-2019	16 May 2017	77,222	—	—	—	77,222
	2018-2020	17 May 2018	—	88,646	—	—	88,646
			<b>196,430</b>	<b>88,646</b>	<b>—</b>	<b>(119,208)</b>	<b>165,868</b>
K. Gunduz	2016-2018	18 May 2016	64,998	—	—	(64,998)	—
	2017-2019	16 May 2017	60,588	—	—	—	60,588
	2018-2020	17 May 2018	—	68,338	—	—	68,338
			<b>125,586</b>	<b>68,338</b>	<b>—</b>	<b>(64,998)</b>	<b>128,296</b>
C.J. Litchfield	2016-2018	18 May 2016	45,692	—	—	(45,692)	—
	2017-2019	16 May 2017	52,152	—	—	—	52,152
	2018-2020	17 May 2018	—	58,370	—	—	58,370
			<b>97,844</b>	<b>58,370</b>	<b>—</b>	<b>(45,692)</b>	<b>110,522</b>
P. West	2018-2020	17 May 2018	—	108,874	—	—	108,874
			<b>—</b>	<b>108,874</b>	<b>—</b>	<b>—</b>	<b>108,874</b>
<b>Former KMP</b>							
E.C. Wilson <sup>2</sup>	2016-2018	18 May 2016	49,106	—	—	(49,106)	—
	2017-2019	16 May 2017	49,216	—	—	(49,216)	—
			<b>98,322</b>	<b>—</b>	<b>—</b>	<b>(98,322)</b>	<b>—</b>

1 Numbers are quoted on the basis of maximum potential vesting.

2 E.C. Wilson ceased to be KMP on 28 February 2018.

The table below provides the value<sup>1</sup> of share rights granted, vested or lapsed during the year.

	2018-2020 plan – granted		2016-2018 plan – lapsed	
	At grant date \$	Maximum \$	At date vested \$	At date lapsed <sup>2</sup> \$
A.M. Watkins	1,090,047	2,180,094	—	1,821,602
M.J. Roberts	233,287	466,573	—	555,907
K. Gunduz	179,843	359,686	—	303,107
C.J. Litchfield	153,610	307,221	—	213,077
P. West	286,520	573,040	—	—

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

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

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

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

	Share-based compensation benefits				Maximum total value of grant yet to vest <sup>1</sup> \$
	Year granted	% vested	% forfeited	Financial years in which rights may vest	
A.M. Watkins	2018	—	—	2020	1,634,495
	2017	—	—	2019	922,101
	2016	—	100	2018	—
M.J. Roberts	2018	—	—	2020	349,807
	2017	—	—	2019	197,345
	2016	—	100	2018	—
P. West	2018	—	—	2020	429,629
K. Gunduz	2018	—	—	2020	269,669
	2017	—	—	2019	154,836
	2016	—	100	2018	—
C.J. Litchfield	2018	—	—	2020	230,335
	2017	—	—	2019	133,277
	2016	—	100	2018	—

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

The table below summarises the key terms of grants that have vested or lapsed during the year and that remain unvested as at 31 December 2018.

	Grant date	Vesting/ expiry date	Performance measure	Fair value at grant date per share rights <sup>1</sup> \$	Performance achieved <sup>2</sup>
KMP Senior Executives	18 May 2016	31 Dec 2018	EPS	7.89	Nil vesting
			Relative TSR	3.62	Nil vesting
			Absolute TSR	2.48	Nil vesting
	16 May 2017	31 Dec 2019	EPS	8.46	To be determined
			Relative TSR	3.58	To be determined
			Absolute TSR	2.50	To be determined
	17 May 2018	31 Dec 2020	EPS	7.87	To be determined
			Relative TSR	4.90	To be determined
			Absolute TSR	3.02	To be determined

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

2 The rewards received under the LTIP are dependent on long-term performance; the 2017 and 2018 grants are still to be tested. The percentage of grants that will vest will be determined based upon Coca-Cola Amatil's long-term performance at the end of each performance period.

# REMUNERATION REPORT (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

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

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

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



**Ilana R. Atlas**  
Chairman  
Sydney  
21 February 2019



**Alison M. Watkins**  
Group Managing Director  
Sydney  
21 February 2019

# FINANCIAL REPORT

Coca-Cola Amatil Limited and its subsidiaries  
for the year ended 31 December 2018

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# CONSOLIDATED INCOME STATEMENT

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

	Note	2018 \$M	2017 \$M
<b>Continuing operations</b>			
Trading revenue	2	4,752.3	4,700.4
Cost of goods sold		(2,751.4)	(2,653.0)
Delivery		(213.3)	(219.3)
<b>Gross profit</b>		<b>1,787.6</b>	<b>1,828.1</b>
<b>Other revenue</b>	2	49.7	53.9
<b>Expenses</b>			
Selling		(667.0)	(664.0)
Warehousing and distribution		(182.2)	(169.0)
Support services and other <sup>1</sup>		(371.2)	(370.9)
	3	(1,220.4)	(1,203.9)
<b>Share of profit/(loss) from equity accounted investments<sup>1</sup></b>	11a	0.1	(0.1)
<b>Earnings before interest and tax</b>		<b>617.0</b>	<b>678.0</b>
<b>Net finance costs</b>			
Finance income		31.1	35.6
Finance costs <sup>1</sup>	3	(89.1)	(104.4)
		(58.0)	(68.8)
<b>Profit before income tax</b>		<b>559.0</b>	<b>609.2</b>
Income tax expense <sup>1</sup>	10a	(144.5)	(148.9)
<b>Profit from continuing operations</b>		<b>414.5</b>	<b>460.3</b>
<b>Discontinued operation</b>			
(Loss)/profit from discontinued operation, net of tax	11d	(122.5)	0.7
<b>Profit for the year</b>		<b>292.0</b>	<b>461.0</b>
<b>Attributable to:</b>			
Shareholders of Coca-Cola Amatil Limited		279.0	445.2
Non-controlling interests		13.0	15.8
<b>Profit for the year</b>		<b>292.0</b>	<b>461.0</b>
<b>Earnings per share attributable to shareholders of Coca-Cola Amatil Limited from:</b>			
		¢	¢
Continuing operations	5	55.5	59.7
Discontinued operation	11d	(17.0)	0.1
	5	<b>38.5</b>	<b>59.8</b>

<sup>1</sup> Includes amounts classified as non-trading items. Refer to Notes 3b and 10a for further details.

Notes appearing on pages 81 to 125 to be read as part of the financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	2018 \$M	2017 \$M
<b>Profit for the year</b>	<b>292.0</b>	<b>461.0</b>
<b>Other comprehensive income</b>		
Items to be reclassified to the income statement in subsequent periods:		
Foreign exchange differences on translation of foreign operations	74.2	(141.4)
Reclassification of foreign exchange differences on disposal of businesses	3.1	1.2
Cash flow hedges	(17.8)	(34.3)
Income tax effect relating to cash flow hedges	5.2	6.7
Other reserve movements	6.1	1.6
Income tax effect relating to other reserve movements	(1.1)	1.1
	<b>69.7</b>	<b>(165.1)</b>
Items not to be reclassified to the income statement in subsequent periods:		
Actuarial valuation reserve	1.5	1.7
Income tax effect	(0.2)	(0.7)
	<b>1.3</b>	<b>1.0</b>
<b>Other comprehensive income</b>	<b>71.0</b>	<b>(164.1)</b>
<b>Total comprehensive income for the year</b>	<b>363.0</b>	<b>296.9</b>
<b>Attributable to:</b>		
Shareholders of Coca-Cola Amatil Limited	339.0	311.4
Non-controlling interests	24.0	(14.5)
<b>Total comprehensive income for the year</b>	<b>363.0</b>	<b>296.9</b>
<b>Total comprehensive income for the year, attributable to shareholders of Coca-Cola Amatil Limited arising from:</b>		
Continuing operations	458.8	308.8
Discontinued operation	(119.8)	2.6
	<b>339.0</b>	<b>311.4</b>

Notes appearing on pages 81 to 125 to be read as part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

Note	Attributable to shareholders of Coca-Cola Amatil Limited					Non-controlling interest \$M	Total equity \$M
	Share capital \$M	Treasury shares \$M	Reserves \$M	Accumulated losses \$M	Total \$M		
<b>At 1 January 2018</b>	<b>1,920.5</b>	<b>(13.4)</b>	<b>262.5</b>	<b>(620.7)</b>	<b>1,548.9</b>	<b>331.4</b>	<b>1,880.3</b>
New accounting standard <sup>1</sup>	—	—	—	(4.1)	(4.1)	—	(4.1)
<b>At 1 January 2018 (restated)</b>	<b>1,920.5</b>	<b>(13.4)</b>	<b>262.5</b>	<b>(624.8)</b>	<b>1,544.8</b>	<b>331.4</b>	<b>1,876.2</b>
Total comprehensive income for the year	—	—	60.0	279.0	339.0	24.0	363.0
Transaction with shareholders:							
Share-based remuneration	—	0.8	0.9	—	1.7	—	1.7
Share buy-back	(0.4)	—	—	—	(0.4)	—	(0.4)
Dividends paid	4	—	—	(340.2)	(340.2)	(0.3)	(340.5)
	<b>(0.4)</b>	<b>0.8</b>	<b>0.9</b>	<b>(340.2)</b>	<b>(338.9)</b>	<b>(0.3)</b>	<b>(339.2)</b>
<b>At 31 December 2018</b>	<b>1,920.1</b>	<b>(12.6)</b>	<b>323.4</b>	<b>(686.0)</b>	<b>1,544.9</b>	<b>355.1</b>	<b>1,900.0</b>
<b>At 1 January 2017</b>	<b>2,271.7</b>	<b>(15.7)</b>	<b>392.4</b>	<b>(720.3)</b>	<b>1,928.1</b>	<b>346.1</b>	<b>2,274.2</b>
Total comprehensive income for the year	—	—	(133.8)	445.2	311.4	(14.5)	296.9
Transaction with shareholders:							
Share-based remuneration	—	2.3	3.9	—	6.2	—	6.2
Share buy-back	12a	(351.2)	—	—	(351.2)	—	(351.2)
Dividends paid	4	—	—	(345.6)	(345.6)	(0.2)	(345.8)
	<b>(351.2)</b>	<b>2.3</b>	<b>3.9</b>	<b>(345.6)</b>	<b>(690.6)</b>	<b>(0.2)</b>	<b>(690.8)</b>
<b>At 31 December 2017</b>	<b>1,920.5</b>	<b>(13.4)</b>	<b>262.5</b>	<b>(620.7)</b>	<b>1,548.9</b>	<b>331.4</b>	<b>1,880.3</b>

<sup>1</sup> Refer to the overview section on page 81 for details of the accounting standard change.

Notes appearing on pages 81 to 125 to be read as part of the financial statements.

# CONSOLIDATED BALANCE SHEET

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

	Note	2018 \$M	2017 \$M
<b>Current assets</b>			
Cash assets	13	937.4	1,038.0
Trade and other receivables	6	961.1	997.9
Inventories	6	626.1	670.3
Held to maturity investments	13	116.7	—
Derivatives	13d	21.2	20.8
Current tax assets	10b	34.0	5.1
Prepayments		63.5	66.7
Assets held for sale	11	55.2	0.8
<b>Total current assets</b>		<b>2,815.2</b>	<b>2,799.6</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	1,855.0	1,864.8
Intangible assets	8	1,252.4	1,207.9
Investments	11	65.2	28.0
Defined benefit superannuation plans	11b	16.7	23.0
Derivatives	13d	132.5	101.8
Other receivables		9.3	11.3
Prepayments		19.5	20.5
Loan receivable interest-bearing	13	6.5	—
<b>Total non-current assets</b>		<b>3,357.1</b>	<b>3,257.3</b>
<b>Total assets</b>		<b>6,172.3</b>	<b>6,056.9</b>
<b>Current liabilities</b>			
Trade and other payables	6	1,246.8	1,191.9
Borrowings	13b	154.2	420.9
Other financial liabilities	13c	67.9	64.4
Employee benefits provisions	11c	82.4	113.8
Current tax liabilities	10b	14.8	27.6
Derivatives	13d	32.2	20.2
Liabilities associated with assets held for sale	11	45.2	—
<b>Total current liabilities</b>		<b>1,643.5</b>	<b>1,838.8</b>
<b>Non-current liabilities</b>			
Borrowings	13b	2,248.0	1,929.5
Employee benefits provisions	11c	11.6	13.4
Deferred tax liabilities	10b	260.8	283.8
Defined benefit superannuation plans	11b	41.3	42.9
Derivatives	13d	67.1	68.2
<b>Total non-current liabilities</b>		<b>2,628.8</b>	<b>2,337.8</b>
<b>Total liabilities</b>		<b>4,272.3</b>	<b>4,176.6</b>
<b>Net assets</b>		<b>1,900.0</b>	<b>1,880.3</b>
<b>Equity</b>			
Share capital	12	1,920.1	1,920.5
Treasury shares	12	(12.6)	(13.4)
Reserves	12	323.4	262.5
Accumulated losses		(686.0)	(620.7)
<b>Equity attributable to shareholders of Coca-Cola Amatil Limited</b>		<b>1,544.9</b>	<b>1,548.9</b>
Non-controlling interests		355.1	331.4
<b>Total equity</b>		<b>1,900.0</b>	<b>1,880.3</b>

Notes appearing on pages 81 to 125 to be read as part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Note	2018 \$M	2017 \$M
<b>Inflows/(outflows)</b>			
<b>Operating cash flows</b>			
Receipts from customers		5,945.1	5,780.1
Payments to suppliers and employees		(5,076.1)	(4,964.0)
Interest income received		23.0	44.9
Interest and other finance costs paid		(109.9)	(98.4)
Income taxes paid		(159.6)	(173.4)
<b>Net operating cash flows</b>	13a	<b>622.5</b>	<b>589.2</b>
<b>Investing cash flows</b>			
Payments for:			
– additions of property, plant and equipment		(306.7)	(293.7)
– additions of software development assets	8	(32.6)	(18.5)
– additions of other intangible assets	8	(0.4)	–
– investments		(37.4)	(2.0)
– acquisition of a business, net of cash acquired <sup>1</sup>		(15.2)	(20.7)
– held to maturity investments		(113.6)	–
Proceeds from:			
– disposal of property, plant and equipment		86.5	152.3
– government grant relating to additions of property, plant and equipment		5.0	–
– dividends received from investments		0.3	–
<b>Net investing cash flows</b>		<b>(414.1)</b>	<b>(182.6)</b>
<b>Financing cash flows</b>			
Proceeds from borrowings and other financial liabilities		429.0	473.1
Borrowing repaid		(424.3)	(460.6)
Payments for share buy-back, including transaction costs		(0.4)	(351.2)
Dividends paid	4	(340.2)	(345.6)
Dividend paid to non-controlling interests		(0.3)	(0.2)
Loan given		(6.5)	–
<b>Net financing cash flows</b>		<b>(342.7)</b>	<b>(684.5)</b>
Net decrease in cash and cash equivalents		(134.3)	(277.9)
Cash and cash equivalents held at the beginning of the year		1,036.3	1,377.0
Effects of exchange rate changes on cash and cash equivalents		33.4	(62.8)
<b>Cash and cash equivalents held at the end of the year</b>	13a	<b>935.4</b>	<b>1,036.3</b>

<sup>1</sup> Acquisitions by our Alcohol & Coffee business.

Notes appearing on pages 81 to 125 to be read as part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## Coca-Cola Amatil Limited and its subsidiaries

### OVERVIEW

Coca-Cola Amatil Limited (also referred to as Company) is a for profit company limited by shares that is incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. Coca-Cola Amatil Limited does not have a parent entity. The nature of the operations and principal activities of Coca-Cola Amatil Limited and its subsidiaries together (referred to as Group, we, us or our) are described in Note 1 Segment Reporting. This financial report was authorised for issue in accordance with a resolution of the Coca-Cola Amatil Limited Board of Directors on 21 February 2019.

### BASIS OF PREPARATION

This general-purpose financial report:

- is prepared in accordance with *Australian Accounting Standards*, other authoritative pronouncements of the *Australian Accounting Standards Board (AASB)* and the *Corporations Act 2001*
- has been prepared on the basis of historical cost, except for certain financial assets and liabilities which have been measured at fair value (Note 15)
- complies with International Financial Reporting Standards as issued by the International Accounting Standards Board
- is presented in Australian Dollars
- presents reclassified comparative information where necessary to conform to changes in presentation in the current period
- presents all values as rounded to the nearest hundred thousand dollars under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless stated otherwise
- is prepared in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations, which requires:
  - a) the Consolidated Income Statement is prepared on a continuing operations basis;
  - b) the Consolidated Balance Sheet – assets and liabilities of the discontinued operation are disclosed on separate line items denoted as held for sale, only for the year in which the held for sale classification was made (2018);
  - c) the statement of cash flows is presented for the full Group;
  - d) Note 11d is provided with financial information for the discontinued operation.

### NEW AND AMENDED STANDARDS ADOPTED

#### *AASB 15 Revenue from Contracts with Customers*

The Group has adopted this standard from 1 January 2018. The introduction of this standard did not have any material impact on the Group's financial statements, accordingly there are no retrospective adjustments.

Additional disclosures of the Group's unchanged revenue accounting policies as required by the standard are included in Note 2.

#### *AASB 9 Financial Instruments*

The Group had previously early adopted AASB 9 Financial Instruments – 2013, which was otherwise required to be adopted from 1 January 2018. The Group has adopted AASB 9 Financial Instruments – Impairment – 2014, from 1 January 2018. In adopting this standard, allowances for doubtful debts have increased by \$5.8 million, resulting in a decrease in deferred tax liabilities of \$1.7 million and an increase in opening accumulated losses of \$4.1 million as at 1 January 2018. These adjustments have arisen from moving to an expected credit losses approach for allowances for doubtful debts, as required by the new accounting standard. This change has had an immaterial impact on the Group's income statement for the year ended 31 December 2018.

### USE OF ESTIMATES

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

- estimation of useful lives of property, plant and equipment and intangible assets, refer to Notes 7 and 8
- impairment testing of goodwill and indefinite life intangible assets, refer to Note 9
- income tax, refer to Note 10
- accrual for rebates and promotional allowances, refer to Note 6c
- net assets held for sale, refer to Note 11d.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

## OVERVIEW (CONTINUED)

### PRINCIPLES OF CONSOLIDATION

#### SUBSIDIARIES

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

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

#### NON-CONTROLLING INTERESTS (NCIs)

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

### FOREIGN CURRENCY TRANSLATION

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

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

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

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

# I OUR RESULTS

## 1 SEGMENT REPORTING

We operate in a number of segments, based on results that are reported to the Group Managing Director. The Australia, New Zealand & Fiji, and Indonesia & Papua New Guinea Non-Alcohol Beverages segments manufacture, distribute, market and sell sparkling drinks and other non-alcohol beverages. The Alcohol & Coffee Beverages segment manufactures, distributes, markets and sells alcohol and coffee products. The Corporate & Services segment includes other non-individually reportable businesses and comprises of the corporate office function for the Group, management of key property assets of Australia and New Zealand and the provision of certain support services to the Group and third-party customer businesses. The majority of the Group's revenues are recognised at the point in time at which products are delivered to the customer.

SPC results were previously reported under the Corporate, Food & Services segment; following the decision to divest the business, SPC results and net assets which are designated as held for sale were excluded and reported separately in note 11d – discontinued operation. Accordingly, 2017 comparative segment information has been re-presented in accordance with the amended reporting basis for the new segment as outlined above.

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

## I OUR RESULTS (CONTINUED)

### SEGMENT INFORMATION

Continuing operations	Non-Alcohol Beverages										Total	
	Australia		New Zealand & Fiji		Indonesia & Papua New Guinea		Alcohol & Coffee Beverages		Corporate & Services			
	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	(Re-presented) <sup>1</sup> 2017 \$M	2018 \$M	2017 \$M
<b>Segment revenue</b>	<b>2,518.1</b>	<b>2,535.2</b>	<b>592.4</b>	<b>554.1</b>	<b>981.7</b>	<b>1,002.7</b>	<b>609.8</b>	<b>564.8</b>	<b>50.3</b>	<b>43.6</b>	<b>4,752.3</b>	<b>4,700.4</b>
EBITDA before non-trading items <sup>2</sup>	438.0	479.0	142.1	133.8	168.8	170.7	61.9	55.1	82.1	100.5	892.9	939.1
Depreciation and amortisation expenses	(61.9)	(66.4)	(29.7)	(29.0)	(83.7)	(79.8)	(6.2)	(5.4)	(76.9)	(80.2)	(258.4)	(260.8)
<b>Segment results</b>	<b>376.1</b>	<b>412.6</b>	<b>112.4</b>	<b>104.8</b>	<b>85.1</b>	<b>90.9</b>	<b>55.7</b>	<b>49.7</b>	<b>5.2</b>	<b>20.3</b>	<b>634.5</b>	<b>678.3</b>
Non-trading items <sup>3</sup>											(17.5)	(0.3)
<b>EBIT<sup>2</sup></b>											<b>617.0</b>	<b>678.0</b>
<b>Other segment information</b>												
<b>Segment net assets</b>	<b>1,110.7</b>	<b>1,163.6</b>	<b>400.9</b>	<b>381.8</b>	<b>817.5</b>	<b>711.9</b>	<b>315.7</b>	<b>303.7</b>	<b>583.0</b>	<b>538.6</b>	<b>3,227.8</b>	<b>3,099.6</b>
Net debt <sup>4</sup>											(1,327.8)	(1,337.2)
Net assets of discontinued operation											—	117.9
<b>Net assets</b>											<b>1,900.0</b>	<b>1,880.3</b>
<b>Payments made for additions of non-current assets<sup>5</sup></b>	<b>112.1</b>	<b>101.4</b>	<b>39.3</b>	<b>35.3</b>	<b>97.5</b>	<b>85.0</b>	<b>5.8</b>	<b>8.3</b>	<b>98.9</b>	<b>68.3</b>	<b>353.6</b>	<b>298.3</b>

1 Refer to the previous page for details of changes in segment reporting.

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

3 Refer to Note 3b for further details.

4 Refer to Note 13 for further details.

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

### GEOGRAPHICAL INFORMATION

Continuing operations	Trading revenue <sup>6</sup>		Non-current assets <sup>7</sup>	
	2018 \$M	2017 \$M	2018 \$M	2017 \$M
Australia	3,014.8	2,992.7	1,807.5	1,800.4
New Zealand & Fiji	755.6	704.5	590.7	566.0
Indonesia & Papua New Guinea	981.9	1,003.2	771.8	734.3
	<b>4,752.3</b>	<b>4,700.4</b>	<b>3,170.0</b>	<b>3,100.7</b>

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

7 Comprises of property, plant and equipment, intangible assets and investments.

## 2 REVENUE

	2018 \$M	2017 \$M
<b>Trading revenue</b>		
Sale of products	4,695.2	4,648.0
Rental of equipment and service fees	57.1	52.4
	<b>4,752.3</b>	<b>4,700.4</b>
<b>Other revenue</b>		
Rendering of services	12.1	10.9
Miscellaneous rental and sundry income	37.6	43.0
	<b>49.7</b>	<b>53.9</b>
	<b>4,802.0</b>	<b>4,754.3</b>

The Group earned approximately 35.6% (2017: 36.4%) of its trading revenue from continuing operations from its top three customers, being Metcash Limited, Wesfarmers Limited and Woolworths Limited.

### RECOGNITION AND MEASUREMENT

Following are the revenue accounting policies that apply to Coca-Cola Amatil in accordance with AASB 15.

#### *Sale of products*

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

Revenue from sales is recognised based on the arrangement agreed between the customer and Coca-Cola Amatil. The arrangements in place do not commit customers to purchasing a specified quantity or type of product nor commit Coca-Cola Amatil to deliver the same but set out the terms and conditions that apply between the parties at the time an order is placed by a customer and accepted by Coca-Cola Amatil. The terms and conditions cover, as appropriate to the customer, pricing, settlement of liabilities, return policies, provision and servicing of equipment and any other negotiated performance obligations.

No element of financing is present in the pricing arrangement. Settlement terms range from cash-on-delivery to credit terms ranging from 7 to 30 days. Terms reflect negotiations with customers, policies, procedures and controls held by each business unit as it relates to customer credit risk.

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

#### *Rental of equipment and service fees*

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

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

#### *Financing components*

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

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

## I OUR RESULTS (CONTINUED)

### 3 EXPENSES

#### a) INCOME STATEMENT DISCLOSURE

	2018 \$M	2017 \$M
Profit before income tax from continuing operations includes the following specific expenses (excluding non-trading items):		
Remuneration and on-costs	733.9	774.2
Defined contribution and defined benefit superannuation expenses	50.0	51.1
Share-based payments expense	9.3	12.3
Employee related costs	793.2	837.6
Finance costs	103.6	104.4
Depreciation expense	230.8	230.6
Amortisation expense	27.6	30.2
Rentals – operating leases	86.5	75.7

#### b) NON-TRADING ITEMS

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

	2018 \$M	2017 \$M
Profit before income tax <sup>1</sup> from continuing operations includes the following amounts (by nature), which are classified as non-trading items:		
Gain on property sales	54.3	101.3
Redundancy employee costs	(23.2)	(42.1)
Impairment charges <sup>2</sup>	(5.7)	(19.2)
Accelerated depreciation expense – plant and equipment	(6.1)	(21.1)
Other net expenses <sup>3</sup>	(22.3)	(19.2)
	<b>(3.0)</b>	<b>(0.3)</b>

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

2 Comprises inventories, plant and equipment and intangible assets.

3 Mainly includes costs associated with the introduction of various Container Deposit Schemes, the Thebarton plant closure, consulting costs associated with the Australian Beverages cost and revenue optimisation programs and a non-recurring amount of interest income relating to a cross currency swap.

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

## **2018**

### **i) SALE OF PROPERTIES**

Coca-Cola Amatil completed the sale of several properties in Australia and New Zealand including one of the three lots that comprise the Thebarton South Australia site, which ceased production during the year, our Carbine Rd, Auckland New Zealand property, and a leaseback of the land and building assets associated with the western lot of the Kewdale manufacturing and warehousing site.

### **ii) RESTRUCTURING OF AUSTRALIAN BEVERAGES**

The Australian Beverages business continued its transformation activities, mainly in the implementation of new and revised organisation designs across most functional areas and the remodelling of the supply chain function (including closure of the Thebarton manufacturing facility). The business incurred further costs associated with the introduction of the Container Deposit Schemes in New South Wales, Australian Capital Territory and Queensland.

## **2017**

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

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

### **ii) RESTRUCTURING OF AUSTRALIAN BEVERAGES**

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

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

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

## **RECOGNITION AND MEASUREMENT**

### **Employee-related costs**

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

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

### **Finance costs**

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

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

### **Rentals – operating leases**

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

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

## I OUR RESULTS (CONTINUED)

### 4 DIVIDENDS

	2018 \$M	2017 \$M
<b>a) SUMMARY OF DIVIDENDS PAID DURING THE YEAR</b>		
<b>Prior year final dividend</b>		
Paid at 26.0¢ per share franked to 70% (2017: 25.0¢ per share franked to 75%)	188.2	190.9
<b>Current year interim dividend</b>		
Paid at 21.0¢ per share franked to 65% (2017: 21.0¢ per share franked to 70%)	152.0	154.7
	<b>340.2</b>	<b>345.6</b>
<b>b) DIVIDENDS DECLARED AFTER BALANCE DATE AND NOT RECOGNISED AS LIABILITIES</b>		
<b>Current year final dividend</b>		
Declared at 26.0¢ per share franked to 50% (2017: 26.0¢ per share franked to 70%)	<b>188.2</b>	<b>188.2</b>
The unfranked portion of the 2018 final dividend represents conduit foreign income.		
<b>c) FRANKING CREDITS</b>		
Balance at the end of the year	19.4	12.8
Franking (debits)/credits which will arise from (refund)/payment of income tax provided for in the financial statements	(20.1)	10.9
	<b>(0.7)</b>	<b>23.7</b>

### d) DIVIDEND REINVESTMENT PLAN (DRP)

Our DRP continues to be available to eligible shareholders. The DRP provides shareholders with the opportunity to receive fully paid ordinary shares, in lieu of cash dividends, which are acquired on market, at the price calculated using the daily volume weighted average market price of Coca-Cola Amatil Limited shares during the 10 trading days commencing on the third trading day after the record date for the dividend. The ex-dividend and record dates for the final dividend entitlement are 26 February 2019 and 27 February 2019 respectively.

### 5 EARNINGS PER SHARE

	2018 ¢	2017 ¢
Basic and diluted earnings per share (EPS) from:		
Continuing operations	55.5	59.7
Discontinued operation	(17.0)	0.1
	38.5	59.8
Basic and diluted EPS (excluding non-trading items) from continuing operations	53.6	55.8
	M	M
The following reflects share and earnings information used in the calculation of basic and diluted EPS:		
<b>Weighted average number of ordinary shares on issue</b>	<b>724.0</b>	<b>745.0</b>
	\$M	\$M
Profit for the year attributable to shareholders of Coca-Cola Amatil Limited	279.0	445.2
Deduct: non-trading items after tax <sup>1</sup>	(13.2)	(29.0)
Add: loss/(profit) after tax from discontinued operation	122.5	(0.7)
<b>Profit for the year attributable to shareholders of Coca-Cola Amatil Limited (excluding non-trading items)</b>	<b>388.3</b>	<b>415.5</b>

<sup>1</sup> Includes expenses from continuing operations of \$3.0 million (2017: \$0.3 million) (refer to Note 3b) and tax benefit of \$16.2 million (2017: \$29.3 million) (refer to Note 10a).

## II OUR ASSETS AND LIABILITIES – OPERATING AND INVESTING

### HOW THE GROUP MANAGES ITS OVERALL FINANCIAL POSITION

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

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

	Note	2018 \$M	2017 \$M
Working capital	6	340.4	476.3
Property, plant and equipment	7	1,855.0	1,864.8
Intangible assets	8	1,252.4	1,207.9
Current and deferred tax liabilities (net)	10b	(241.6)	(306.3)
Derivative liabilities (non-debt related) (net)	13d	(27.3)	(5.4)
Other assets/(liabilities) (net)	11	48.9	(19.8)
		<b>3,227.8</b>	<b>3,217.5</b>
<b>Capital – Financing</b>	Section III	<b>3,227.8</b>	<b>3,217.5</b>

### 6 WORKING CAPITAL

Trade and other receivables	6a	961.1	997.9
Inventories	6b	626.1	670.3
Trade and other payables	6c	(1,246.8)	(1,191.9)
		<b>340.4</b>	<b>476.3</b>

#### 6a TRADE AND OTHER RECEIVABLES

Trade receivables net of allowance for doubtful amounts		854.9	922.2
Other receivables		106.2	75.7
		<b>961.1</b>	<b>997.9</b>

#### Movement in the allowance for doubtful receivables

At 1 January		(9.5)	(14.2)
AASB 9 adjustment <sup>1</sup>		(5.8)	–
Charged to the income statement		(3.8)	(0.2)
Written off against trade receivables		3.2	3.9
Reclassified to assets held for sale		0.5	–
Net foreign currency and other movements		(0.3)	1.0
<b>At 31 December</b>		<b>(15.7)</b>	<b>(9.5)</b>

#### Trade receivables past due but not impaired

Under 30 days		63.5	65.6
31–90 days		28.4	22.1
Over 91 days		5.6	5.3

<sup>1</sup> Refer to the overview section on page 81 for details of the accounting standard change.

### RECOGNITION AND MEASUREMENT

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

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

### 6b INVENTORIES

	2018 \$M	2017 \$M
Raw materials	233.1	253.5
Finished goods	287.7	308.2
Other (work in progress and consumable spare parts)	105.3	108.6
	<b>626.1</b>	<b>670.3</b>

#### RECOGNITION AND MEASUREMENT

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

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

### 6c TRADE AND OTHER PAYABLES

	2018 \$M	2017 \$M
Trade payables	597.2	587.3
Other payables	108.5	103.8
Accrued charges	541.1	500.8
	<b>1,246.8</b>	<b>1,191.9</b>

#### RECOGNITION AND MEASUREMENT

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

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

#### KEY ESTIMATES

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

## 7 PROPERTY, PLANT AND EQUIPMENT

	Freehold and leasehold land \$M	Freehold and leasehold buildings \$M	Plant and equipment \$M	Property, plant and equipment under construction \$M	Total \$M
<b>31 December 2018</b>					
Cost	183.8	504.3	3,152.2	298.5	4,138.8
Accumulated depreciation and impairment	—	(170.7)	(2,113.1)	—	(2,283.8)
	<b>183.8</b>	<b>333.6</b>	<b>1,039.1</b>	<b>298.5</b>	<b>1,855.0</b>
Movement:					
At 1 January 2018	212.5	343.7	1,071.7	236.9	1,864.8
Additions	—	0.3	6.9	306.7	313.9
Disposals <sup>1</sup>	(15.5)	(9.2)	(10.5)	—	(35.2)
Classified as held for sale <sup>2</sup>	(12.7)	(12.7)	(16.5)	(26.7)	(68.6)
Depreciation expense	—	(21.8)	(217.6)	—	(239.4)
Impairment charges <sup>1</sup>	—	—	(1.2)	—	(1.2)
Reclassification	—	22.2	186.2	(208.4)	—
Net foreign currency and other movements	(0.5)	11.1	20.1	(10.0)	20.7
<b>At 31 December 2018</b>	<b>183.8</b>	<b>333.6</b>	<b>1,039.1</b>	<b>298.5</b>	<b>1,855.0</b>
<b>31 December 2017</b>					
Cost	212.5	544.1	3,338.4	236.9	4,331.9
Accumulated depreciation and impairment	—	(200.4)	(2,266.7)	—	(2,467.1)
	<b>212.5</b>	<b>343.7</b>	<b>1,071.7</b>	<b>236.9</b>	<b>1,864.8</b>
Movement:					
At 1 January 2017	227.6	337.4	1,174.9	209.0	1,948.9
Additions	0.3	0.8	10.0	284.1	295.2
Disposals <sup>1</sup>	(17.1)	(25.3)	(1.1)	—	(43.5)
Acquisition of a business	—	—	4.2	—	4.2
Depreciation expense	—	(20.2)	(232.5)	—	(252.7)
Impairment charges <sup>1</sup>	—	(1.2)	(9.7)	—	(10.9)
Reclassification	8.0	73.6	169.1	(250.7)	—
Net foreign currency and other movements	(6.3)	(21.4)	(43.2)	(5.5)	(76.4)
<b>At 31 December 2017</b>	<b>212.5</b>	<b>343.7</b>	<b>1,071.7</b>	<b>236.9</b>	<b>1,864.8</b>
<b>1 January 2017</b>					
Cost	227.6	527.1	3,463.9	209.0	4,427.6
Accumulated depreciation and impairment	—	(189.7)	(2,289.0)	—	(2,478.7)
	<b>227.6</b>	<b>337.4</b>	<b>1,174.9</b>	<b>209.0</b>	<b>1,948.9</b>

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

2 Mainly relates to property, plant and equipment of the discontinued operation. Refer to Note 11d for further details.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

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

### 7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### RECOGNITION AND MEASUREMENT

##### Carrying value and depreciation

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

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

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

##### Impairment

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

#### KEY ESTIMATES

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

### 8 INTANGIBLE ASSETS

	Indefinite lives				Definite lives		Total \$M
	Brand names and trademarks \$M	Investments in bottlers' agreements \$M	Goodwill \$M	Other \$M	Brand names and trademarks \$M	Software development and other assets \$M	
<b>31 December 2018</b>							
Cost	14.7	939.4	152.9	2.5	32.3	346.6	1,488.4
Accumulated amortisation and impairment	—	—	—	—	(19.5)	(216.5)	(236.0)
	<b>14.7</b>	<b>939.4</b>	<b>152.9</b>	<b>2.5</b>	<b>12.8</b>	<b>130.1</b>	<b>1,252.4</b>
Movement:							
At 1 January 2018	13.8	929.3	147.5	2.5	9.7	105.1	1,207.9
Additions	—	—	—	—	—	33.0	33.0
Acquisition of a business	—	—	6.2	—	—	14.1	20.3
Disposals	—	—	—	—	—	(4.2)	(4.2)
Amortisation expense	—	—	—	—	(0.3)	(27.3)	(27.6)
Net foreign currency and other movements	0.9	10.1	(0.8)	—	3.4	9.4	23.0
<b>At 31 December 2018</b>	<b>14.7</b>	<b>939.4</b>	<b>152.9</b>	<b>2.5</b>	<b>12.8</b>	<b>130.1</b>	<b>1,252.4</b>

	Indefinite lives				Definite lives		Total \$M
	Brand names and trademarks \$M	Investments in bottlers' agreements \$M	Goodwill \$M	Other \$M	Brand names and trademarks \$M	Software development and other assets \$M	
<b>31 December 2017</b>							
Cost	112.1	929.3	147.5	2.5	28.5	319.2	1,539.1
Accumulated amortisation and impairment	(98.3)	—	—	—	(18.8)	(214.1)	(331.2)
	<b>13.8</b>	<b>929.3</b>	<b>147.5</b>	<b>2.5</b>	<b>9.7</b>	<b>105.1</b>	<b>1,207.9</b>
Movement:							
At 1 January 2017	14.4	944.3	129.8	2.5	14.2	113.3	1,218.5
Additions	—	—	—	—	—	18.5	18.5
Acquisition of a business	—	—	20.5	—	—	—	20.5
Amortisation expense	—	—	—	—	(0.5)	(29.7)	(30.2)
Impairment charges <sup>1</sup>	—	—	—	—	(3.5)	—	(3.5)
Net foreign currency and other movements	(0.6)	(15.0)	(2.8)	—	(0.5)	3.0	(15.9)
<b>At 31 December 2017</b>	<b>13.8</b>	<b>929.3</b>	<b>147.5</b>	<b>2.5</b>	<b>9.7</b>	<b>105.1</b>	<b>1,207.9</b>
<b>At 1 January 2017</b>							
Cost	112.7	944.3	129.8	2.5	29.3	305.0	1,523.6
Accumulated amortisation and impairment	(98.3)	—	—	—	(15.1)	(191.7)	(305.1)
	<b>14.4</b>	<b>944.3</b>	<b>129.8</b>	<b>2.5</b>	<b>14.2</b>	<b>113.3</b>	<b>1,218.5</b>

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

## RECOGNITION AND MEASUREMENT

### Indefinite lives

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

#### *Investments in bottlers' agreements (IBAs)*

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

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

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

#### *Goodwill*

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

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

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

### 8 INTANGIBLE ASSETS (CONTINUED)

#### RECOGNITION AND MEASUREMENT (CONTINUED)

##### Definite lives

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

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

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

##### Impairment

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

#### KEY ESTIMATES

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

## 9 IMPAIRMENT TESTING

### RECOGNITION AND MEASUREMENT

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

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

	Brand names and trademarks \$M	IBAs \$M	Goodwill \$M	Other \$M	Total \$M
<b>31 December 2018</b>					
Non-Alcohol Beverages					
— Australia	—	691.9	38.9	2.5	733.3
— New Zealand & Fiji	—	208.1	9.2	—	217.3
— Indonesia & Papua New Guinea	—	38.4	16.1	—	54.5
Alcohol & Coffee Beverages	14.7	1.0	74.9	—	90.6
Corporate & Services	—	—	13.8	—	13.8
	<b>14.7</b>	<b>939.4</b>	<b>152.9</b>	<b>2.5</b>	<b>1,109.5</b>
<b>31 December 2017</b>					
Non-Alcohol Beverages					
— Australia	—	691.9	38.9	2.5	733.3
— New Zealand & Fiji	—	199.4	8.6	—	208.0
— Indonesia & Papua New Guinea	—	37.1	16.0	—	53.1
Alcohol & Coffee Beverages	13.8	0.9	70.2	—	84.9
Corporate & Services	—	—	13.8	—	13.8
	<b>13.8</b>	<b>929.3</b>	<b>147.5</b>	<b>2.5</b>	<b>1,093.1</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

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

### 9 IMPAIRMENT TESTING (CONTINUED)

#### IMPAIRMENT TESTING

Annual impairment testing is carried out in two parts: firstly, in relation to brand names and trademarks and secondly, at the cash generating unit (CGU) level in connection with IBAs and goodwill, by comparison of the CGU's recoverable amount to its carrying amount. For 2017 and 2018 impairment testing, the value in use recoverable amount calculations are determined by discounting the forecast future cash flows to be generated from the continuing use of the CGUs and using nominal terminal growth rates of 2.0 to 6.0%.

#### KEY ESTIMATES

##### *Brand names and trademarks with indefinite lives*

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

##### *IBAs and goodwill*

Value in use was calculated using a discounted cash flow methodology for CGUs with IBAs and goodwill. The estimated future cash flows are based on five-year cash flow forecasts, utilising risk adjusted three-year Board-approved business plans and incorporating a terminal value estimation using appropriate perpetual growth rates. All CGU's cash flows beyond the approved business plan period take into consideration the following key inputs:

Key inputs	How determined
Revenue growth	Revenue growth rates are forecast taking into consideration industry forecasts and actual historic growth rates. Consideration is further made of local GDP and inflation rates. External benchmarks are also employed.
EBIT margins	EBIT margins are forecast taking into consideration management's views of sustainable long-term EBIT margins and considering actual historic EBIT margins.
Working capital and capital expenditure	Working capital movements are based on a percentage of forecast sales revenue. Capital expenditure is based on the specific needs of the business to generate the trading cash flows included in the recoverable amount calculation.

#### Discount rates

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

	2018 %	2017 %
Australia	7.2	7.2
New Zealand	7.1	7.1
Fiji	10.8	10.8
Indonesia	11.9	12.6
Papua New Guinea	14.1	14.1

#### Impact of reasonably possible changes in key assumptions

##### *Indonesia*

The recoverable amount of the Indonesian CGU as at 31 December 2018 is based on the following assumptions in addition to those described above:

- Average revenue growth rate of 4.7% for the five-year period
- Terminal nominal growth rate of 4.5%

The calculated recoverable amount is estimated to be materially equal to the carrying amount at 31 December 2018. On this basis, any changes in key forecast assumptions that have an unfavourable impact may cause impairment.

##### *Other CGUs*

Based on current economic conditions and performances of our other CGUs, there are no reasonably possible changes in key assumptions used to determine recoverable amounts which could cause recoverable amounts to decline below the carrying amounts for these CGUs.

## 10 INCOME TAX

### a) INCOME TAX EXPENSE

	2018 \$M	2017 \$M
Current tax expense	137.1	185.9
Net deferred tax expense/(benefit)	(39.1)	(32.2)
Adjustment to current tax of prior periods	6.2	(5.1)
<b>Total income tax expense</b>	<b>104.2</b>	<b>148.6</b>
Total income tax expense includes:		
Income tax benefit from discontinued operation	(40.3)	(0.3)
Income tax benefit on non-trading items	(16.2)	(29.3)
Reconciliation of Coca-Cola Amatil Limited's applicable (Australian) tax rate to the effective tax rate:		
Profit from continuing operations before income tax	559.0	609.2
(Loss)/profit from discontinued operation before income tax	(162.8)	0.4
	<b>396.2</b>	<b>609.6</b>
	%	%
Applicable (Australian) tax rate	30.0	30.0
Adjustments to current tax of prior periods	0.3	(0.8)
Impairment of property, plant and equipment and intangible assets <sup>1</sup>	1.0	0.3
Recognition of previously unrecognised tax losses <sup>1</sup>	(3.2)	(4.1)
Overseas tax rates differential	(2.0)	(1.6)
Derecognition of deferred tax assets <sup>1</sup>	1.2	–
Non-assessable income <sup>1</sup>	(1.4)	(0.1)
Overseas withholding tax <sup>2</sup>	0.4	0.7
<b>Effective tax rate</b>	<b>26.3</b>	<b>24.4</b>
Effective tax rate from continuing operations (excluding non-trading items)	28.6	29.2
	\$M	\$M
Net deferred tax expense/(benefit) recognised in income tax expense relates to the following:		
Allowances for current assets	(25.9)	10.5
Accrued charges and employee expense obligations	5.5	(8.8)
Other deductible items	1.9	9.4
Property, plant and equipment and intangible assets	(14.2)	(24.3)
Retained earnings balances of overseas subsidiaries <sup>2</sup>	1.4	4.4
Recognition of previously unrecognised tax losses <sup>1</sup>	(12.5)	(24.9)
Other taxable items	4.7	1.5
	<b>(39.1)</b>	<b>(32.2)</b>
<b>b) CURRENT AND DEFERRED TAX LIABILITIES (NET)</b>		
Current tax assets	34.0	5.1
Current tax liabilities	(14.8)	(27.6)
Deferred tax liabilities	(260.8)	(283.8)
	<b>(241.6)</b>	<b>(306.3)</b>
Deferred tax liabilities recognised in the balance sheet relate to the following:		
Allowances for current assets	(24.7)	3.0
Accrued charges and employee expense obligations	(45.2)	(51.1)
Other deductible items (includes derivatives)	(20.0)	(18.1)
Property, plant and equipment and intangible assets	308.5	315.8
Retained earnings balances of overseas subsidiaries <sup>2</sup>	13.6	12.3
Other taxable items (include derivatives)	28.6	21.9
	<b>260.8</b>	<b>283.8</b>

1 Mainly relates to non-trading items and discontinued operation. Refer to Notes 3b and 11d for further details.

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

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

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

### 10 INCOME TAX (CONTINUED)

#### RECOGNITION AND MEASUREMENT

##### Current tax

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

##### Deferred tax

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

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

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

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

##### Australian tax consolidation

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

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

##### Tax reviews

Coca-Cola Amatil is subject to regular tax reviews across our jurisdictions and interacts with tax authorities on a range of issues as part of the ongoing operations of these tax authorities. In Australia, the Australian Taxation Office (ATO) rates Coca-Cola Amatil as a “key taxpayer” and is subject to the ATO’s “Top 100” assurance program using its justified trust methodology. At present, Coca-Cola Amatil is subject to ATO audits/reviews of income tax, GST and excise. There are also ongoing audits/reviews in Indonesia, Fiji and Papua New Guinea by their respective tax authorities. At present, Coca-Cola Amatil has not received notification of any material assessments from any tax authority in these jurisdictions. In addition, Coca-Cola Amatil has responded to increased government and stakeholder focus by publishing an annual Tax Transparency Report in accordance with the terms of the Australian Voluntary Tax Transparency Code.

#### KEY ESTIMATES

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

The details of unrecognised deductible temporary differences are as follows:

	2018 \$M	2017 \$M
Capital losses – no expiry date	903.9	951.6
Other items – no expiry date	35.4	38.4
	<b>939.3</b>	<b>990.0</b>
<b>Potential tax benefit</b>	<b>281.8</b>	<b>297.0</b>

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

## 11 OTHER ASSETS/(LIABILITIES) (NET)

	Note	2018 \$M	2017 \$M
Investments	11a	65.2	28.0
Defined benefit superannuation plans (net)	11b	(24.6)	(19.9)
Employee benefits provisions – current and non-current	11c	(94.0)	(127.2)
Assets held for sale <sup>1</sup>		55.2	0.8
Liabilities associated with assets held for sale	11d	(45.2)	–
Prepayments – current and non-current		83.0	87.2
Other receivables – non-current		9.3	11.3
		<b>48.9</b>	<b>(19.8)</b>

1 Includes \$45.2 million of assets held for sale of the discontinued operation, refer to note 11d; and \$10.0 million (2017: \$0.8 million) of property assets held for sale.

### 11a INVESTMENTS

#### RECOGNITION AND MEASUREMENT

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

Investments accounted using equity method <sup>1</sup>	61.1	28.0
Other investments <sup>2</sup>	4.1	–
	<b>65.2</b>	<b>28.0</b>

1 Comprises the following investments:

- A 50% interest in Australian Beer Company. Its principal activity is the manufacture of alcohol beverages. The majority of the carrying amount of the investment in ABCo is represented by property, plant and equipment assets
- A 50% interest in Container Exchange (Services) Pty Ltd. Its principal activity is to provide a range of services to the organisation responsible for operating the Queensland container refund scheme
- A stapled 20% interest in Exchange for Change (NSW) Pty Ltd, Exchange for Change (ACT) Pty Ltd and Exchange for Change (Australia) Pty Ltd. Their principal activities are to act as scheme coordinators, under the NSW and ACT Government's Container Deposit Scheme legislations
- A 45% interest in Made (Aust) Pty Ltd, Made Manufacturing Pty Ltd and Made Brands Pty Ltd. Its principal activity is to produce and sell a range of non-alcoholic beverages and yoghurts

2 Other minority investments made by Amatil X.

The companies listed above were all incorporated in Australia.

Balance of investments brought forward	28.0	26.1
Acquisitions made during the year	37.4	2.0
Share of profit/(loss) during the year	0.1	(0.1)
Dividends received during the year	(0.3)	–
	<b>65.2</b>	<b>28.0</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

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

### 11b DEFINED BENEFIT SUPERANNUATION PLANS

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

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

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

	CCASP <sup>1</sup>		CCBISP <sup>2</sup>		Total	
	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	2017 \$M
<b>a) BALANCES RECOGNISED IN THE BALANCE SHEET</b>						
Present value of defined benefit obligations at the end of the year	53.9	64.6	41.3	42.9	95.2	107.5
Fair value of plan assets at the end of the year	(70.6)	(87.6)	–	–	(70.6)	(87.6)
<b>Net defined benefit (assets)/liabilities</b>	<b>(16.7)</b>	<b>(23.0)</b>	<b>41.3</b>	<b>42.9</b>	<b>24.6</b>	<b>19.9</b>
<b>b) EXPENSE RECOGNISED IN THE INCOME STATEMENT</b>						
Service cost	2.5	3.2	3.3	2.8	5.8	6.0
Curtailment loss	1.1	1.4	–	–	1.1	1.4
Interest income on defined benefit superannuation assets	(1.0)	(1.0)	–	–	(1.0)	(1.0)
Interest cost on defined benefit superannuation liabilities	–	–	2.8	3.3	2.8	3.3
	<b>2.6</b>	<b>3.6</b>	<b>6.1</b>	<b>6.1</b>	<b>8.7</b>	<b>9.7</b>
<b>c) AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME</b>						
Actuarial losses/(gains) – experience	0.4	(1.6)	(0.2)	(1.1)	0.2	(2.7)
Actuarial losses/(gains) – financial assumptions	0.4	(0.2)	(5.0)	5.1	(4.6)	4.9
Actuarial losses/(gains) arising during the year	0.8	(1.8)	(5.2)	4.0	(4.4)	2.2
Return on plan assets less/(greater) than discount rate	2.9	(3.9)	–	–	2.9	(3.9)
<b>Remeasurement recognised in other comprehensive income</b>	<b>3.7</b>	<b>(5.7)</b>	<b>(5.2)</b>	<b>4.0</b>	<b>(1.5)</b>	<b>(1.7)</b>
<b>d) MOVEMENT IN DEFINED BENEFIT OBLIGATIONS</b>						
Present value at the beginning of the year	64.6	77.4	42.9	44.3	107.5	121.7
Service cost	2.5	3.2	3.3	2.8	5.8	6.0
Interest cost	2.6	3.4	2.8	3.3	5.4	6.7
Curtailment loss	1.1	1.4	–	–	1.1	1.4
Actuarial losses/(gains) arising during the year	0.8	(1.8)	(5.2)	4.0	(4.4)	2.2
Benefits paid from plan assets or by plan employer respectively	(17.5)	(18.5)	(3.5)	(8.0)	(21.0)	(26.5)
Net foreign currency and other movements	(0.2)	(0.5)	1.0	(3.5)	0.8	(4.0)
<b>Present value at the end of the year</b>	<b>53.9</b>	<b>64.6</b>	<b>41.3</b>	<b>42.9</b>	<b>95.2</b>	<b>107.5</b>
<b>e) MOVEMENT IN PLAN ASSETS</b>						
Fair value at the beginning of the year	(87.6)	(98.3)	–	–	(87.6)	(98.3)
Interest income	(3.6)	(4.4)	–	–	(3.6)	(4.4)
Return less/(greater) than discount rate	2.9	(3.9)	–	–	2.9	(3.9)
Benefits paid	17.5	18.5	–	–	17.5	18.5
Other movements	0.2	0.5	–	–	0.2	0.5
<b>Fair value at the end of the year</b>	<b>(70.6)</b>	<b>(87.6)</b>	<b>–</b>	<b>–</b>	<b>(70.6)</b>	<b>(87.6)</b>

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

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

	CCASP		CCBISP	
	2018 %	2017 %	2018 %	2017 %
<b>f) PLAN ASSETS</b>				
The percentage invested in each asset class at the reporting date was:				
Equity instruments	36.7	37.3	—	—
Debt instruments	29.1	22.2	—	—
Real estate	5.0	4.5	—	—
Cash and cash equivalents	13.8	18.0	—	—
Other	15.4	18.0	—	—
	<b>100.0</b>	<b>100.0</b>	—	—
<b>g) PRINCIPAL ACTUARIAL ASSUMPTIONS</b>				
Used at reporting date to measure defined benefit obligations of each plan (p.a.):				
Discount rate	4.3	4.4	8.3	6.8
Future salary increases	2.5	2.5	8.0	8.0
Future inflation	2.0	2.0	4.5	4.5
Future pension increases	2.0	2.0	—	—

#### h) EXPECTED FUTURE CONTRIBUTIONS

Coca-Cola Amatil Limited contributions are agreed between the Plan trustees and Coca-Cola Amatil Limited, following advice from the Plan actuary at least every three months (or more frequently if circumstances require).

Vested benefit obligations represent the estimated total amount that the Plans would be required to pay if all defined benefit members were to voluntarily leave the Plans on the particular valuation date. However, the liability recognised in the balance sheet is based on the projected benefit obligation, which represents the present value of employee benefits accrued to date, assuming that employees will continue to work and be members of the Plans until their exit. The projected benefit obligation takes into account future increases in an employee's salary and provides a longer-term view of the financial position of the Plans.

#### i) MATURITY PROFILE OF DEFINED BENEFIT OBLIGATIONS

The weighted average durations of the defined benefit obligation for CCASP and CCBISP are 7.4 and 8.2 years respectively.

#### RECOGNITION AND MEASUREMENT

Current and adjusted prior period related service costs are recognised in the income statement as they accrue. Interest is recognised in the income statement for implied returns on plan assets (interest income), and for changes in the time value of plan obligations (interest expense), using the applicable discount rate. Revaluation adjustments arising from changes in actuarial assumptions, and differences between actual and implied returns on plan assets are recognised in other comprehensive income within the actuarial valuation reserve.

### 11c EMPLOYEE BENEFITS PROVISIONS

	2018 \$M	2017 \$M
Current	82.4	113.8
Non-current	11.6	13.4
	<b>94.0</b>	<b>127.2</b>

#### RECOGNITION AND MEASUREMENT

##### Employee benefits

Employee benefits provisions include liabilities for benefits accumulated as a result of employees rendering services up to balance date, including related on-costs, in relation to annual, sick, long service and other leave, incentives and termination and other benefits. These benefits are charged to the income statement when services are provided and to the extent the benefits are expected to vest with employees. Employee benefits provisions are measured at remuneration rates expected to be applicable to future payments which settle these liabilities and are discounted back to the reporting date using market yields on corporate bonds with maturities aligned to the estimated timing of settlement payments.

Termination benefits included in employee benefits are recognised as an expense when the Group is committed to a formal detailed plan to terminate employees before their normal retirement date, and the Group can no longer withdraw the termination offer.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

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

### 11d DISCONTINUED OPERATION

#### SALE OF SPC

On 30 November 2018, the Group announced that the 2018 strategic review of SPC had concluded with a decision to proceed toward divestment. The associated assets and liabilities are consequently presented as held for sale in the 2018 financial statements and assessed for impairment in accordance with accounting standards, resulting in the below-mentioned impairment expense. Financial information relating to the discontinued operation for the year is set out below.

	2018 \$M	2017 \$M
<b>Assets and liabilities of the discontinued operation classified as held for sale</b>		
<b>Assets</b>		
Receivables and prepayments	36.3	–
Inventories	5.5	–
Property, plant and equipment	3.4	–
<b>Total assets held for sale</b>	<b>45.2</b>	<b>–</b>
<b>Liabilities</b>		
Trade and other payables	39.0	–
Provisions	6.2	–
<b>Total liabilities associated with assets held for sale</b>	<b>45.2</b>	<b>–</b>
<b>Net assets held for sale</b>	<b>–</b>	<b>–</b>
<b>Results of the discontinued operation</b>		
Revenue	210.2	234.4
Expenses	(220.6)	(234.0)
<b>Earnings before interest and tax (excluding non-trading items)</b>	<b>(10.4)</b>	<b>0.4</b>
Impairment expense	(146.9)	–
Other non-trading items	(2.4)	–
Net finance costs	(3.1)	–
<b>(Loss)/profit before income tax</b>	<b>(162.8)</b>	<b>0.4</b>
Income tax benefit	40.3	0.3
<b>(Loss)/profit after tax from discontinued operation</b>	<b>(122.5)</b>	<b>0.7</b>
<b>Cash flows of the discontinued operation</b>		
Net operating cash flows	(26.6)	(6.8)
Net investing cash flows	(18.1)	(15.1)
Net financing cash flows	(0.3)	(0.4)
<b>Net (decrease) in cash and cash equivalents generated by the discontinued operation</b>	<b>(45.0)</b>	<b>(22.3)</b>
<b>Contribution to earnings per share (EPS) by the discontinued operation</b>		
Basic and diluted EPS (cents)	<b>(17.0)</b>	<b>0.1</b>

#### KEY ESTIMATES

Assets held for sale are carried at the lower of carrying value or fair value less costs to sell. Judgement is required to determine the fair value less costs to sell of certain assets. During the period SPC was classified as held for sale with the net assets to be sold impaired to \$nil. In determining the fair value less costs to sell for the SPC net assets, consideration was given to non-binding sales offers and costs of disposal which are inherently subject to estimation and therefore actual outcomes may vary on sale completion.

## III OUR CAPITAL – FINANCING

### HOW THE GROUP MANAGES ITS CAPITAL – FINANCING

We manage our capital to ensure that entities in the Group have continued access to funding to support the business activities and strategies of the Group while maximising returns to shareholders through the optimisation of net debt and equity balances.

Our capital is equity plus net debt. Net debt is calculated as the sum of borrowings and debt related derivatives, less cash assets, long-term deposits and other financial liabilities.

In order to maintain or adjust our capital structure, the Group may undertake certain activities such as adjusting the amount of dividends paid to shareholders, return equity to shareholders, issue new shares or buy-back existing shares. The Group continuously reviews the capital structure to ensure that:

- sufficient finance for the business is maintained at a reasonable cost
- sufficient funds are available for the business to carry out its investing activities, such as purchasing of property, plant and equipment and acquisitions of businesses
- distributions to shareholders are maintained within stated dividend policy parameters
- where funds are or will be in excess to that required to enact the Group's business strategies, consideration is given to returns of equity funds to shareholders.

Details of Capital – Financing are as follows:

	Note	2018 \$M	2017 \$M
Equity	12	1,900.0	1,880.3
Net debt	13	1,327.8	1,337.2
		<b>3,227.8</b>	<b>3,217.5</b>

### 12 EQUITY

	Note	2018 \$M	2017 \$M
Share capital	12a	1,920.1	1,920.5
Treasury shares	12b	(12.6)	(13.4)
Reserves	12c	323.4	262.5
Accumulated losses		(686.0)	(620.7)
Non-controlling interests		355.1	331.4
		<b>1,900.0</b>	<b>1,880.3</b>
		\$	\$
<b>Net tangible assets per share</b>		<b>0.40</b>	<b>0.47</b>

#### 12a SHARE CAPITAL

The number of fully paid ordinary shares on issue is unchanged from 2017 at 723,999,699.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of shares issued. Every ordinary shareholder present at a meeting of the Company, in person or by proxy, is entitled to one vote, and upon a poll each ordinary share is entitled to one vote. Ordinary shares have no par value.

#### SHARE BUY-BACK

During 2017, Coca-Cola Amatil Limited acquired shares under the Board-approved on-market share buy-back program for a total consideration of \$351.2 million. 39,590,550 shares acquired under the program were bought back and cancelled, resulting in a reduction of fully paid ordinary shares on issue in 2017.

#### 12b TREASURY SHARES

This account is used to record purchases of Coca-Cola Amatil Limited ordinary shares to satisfy obligations to provide shares to employees in accordance with the requirements of employee ownership plans. At 31 December 2018, these shares have not vested to employees and therefore are controlled by the Group. Refer to Notes 12c and 17 for further information on the share-based remuneration reserve and employee ownership plans respectively.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

## III OUR CAPITAL – FINANCING (CONTINUED)

### 12c RESERVES

	2018 \$M	2017 \$M
Foreign currency translation	(67.6)	(136.1)
Share-based remuneration	23.0	22.1
General	342.7	342.7
Actuarial valuation	28.8	28.6
Cash flow hedging	(16.8)	(3.1)
Other	13.3	8.3
	<b>323.4</b>	<b>262.5</b>

#### NATURE AND PURPOSE OF RESERVES

##### Foreign currency translation

This reserve comprises of all differences arising from translation of the financial statements of foreign subsidiaries at various exchange rates, as described in the accounting policy for foreign currency translation on page 82.

##### Share-based remuneration

This reserve is used to record obligations to provide employees with Coca-Cola Amatil Limited ordinary shares in accordance with employee ownership plans, inclusive of current and deferred tax effects, where applicable. Refer to Notes 12b and 17 for further information regarding treasury shares and employee ownership plans respectively.

##### General

This reserve relates to The Coca-Cola Company's 29.4% investment in Coca-Cola Amatil Limited's Indonesian business (PT Coca-Cola Bottling Indonesia).

##### Actuarial valuation

This reserve is used to record movements in defined benefit superannuation plan assets and liabilities due to revaluations arising from changes in actuarial assumptions and differences between actual and implied returns on plan assets (including deferred tax effects). Refer to Note 11b for further information on defined benefit superannuation plans.

##### Cash flow hedging

This reserve is mainly used to record the revaluation impact of recognising financial assets and liabilities at fair value including deferred tax effects, where these financial assets and liabilities are used as cash flow hedges and qualify for hedge accounting. Refer to Note 13d for further information on cash flow hedge accounting.

Movements in the reserve were as follows:

	2018 \$M	2017 \$M
Opening balance	(3.1)	21.9
Derivative revaluation	(25.8)	(29.9)
Cash revaluation <sup>1</sup>	6.1	0.9
Other movements	1.9	(5.3)
Deferred tax effect	5.2	6.7
<b>Total movements recognised in other comprehensive income</b>	<b>(12.6)</b>	<b>(27.6)</b>
Non-controlling interests	(1.1)	2.6
<b>Closing balance</b>	<b>(16.8)</b>	<b>(3.1)</b>

<sup>1</sup> Movements in the Australian value of cash held in foreign currencies that are in hedge relationships relating to forecast capital expenditure and raw material purchases.

## Other

This reserve is used to record currency basis (which is the cost or benefit of exchanging one floating currency for another) of debt-related derivatives hedging foreign currency denominated bonds, credit risk of derivative hedges and the time value portion of options used to hedge foreign currency and interest related exposures.

Movements in the reserve were as follows:

	2018 \$M	2017 \$M
Opening balance	8.3	5.6
Currency basis	4.4	(3.7)
Credit risk	(1.4)	0.5
Time value of options	3.1	4.8
Deferred tax effect	(1.1)	1.1
<b>Total movement recognised in other comprehensive income</b>	<b>5.0</b>	<b>2.7</b>
<b>Closing balance</b>	<b>13.3</b>	<b>8.3</b>

## 13 NET DEBT

	Note	2018 \$M	2017 \$M
Cash assets	13a	(937.4)	(1,038.0)
Loan receivable interest-bearing		(6.5)	—
Borrowings – current	13b	154.2	420.9
Borrowings – non-current	13b	2,248.0	1,929.5
Other financial liabilities	13c	67.9	64.4
Held to maturity investments <sup>1</sup>		(116.7)	—
Derivative assets – debt related (net)	13d	(81.7)	(39.6)
		<b>1,327.8</b>	<b>1,337.2</b>

1 Represents investments in Papua New Guinean government bonds.

## 13a CASH AND CASH EQUIVALENTS

	2018 \$M	2017 \$M
Cash on hand and at banks	374.8	529.3
Short-term deposits	562.6	508.7
Cash assets	937.4	1,038.0
Bank overdrafts	(2.0)	(1.7)
	<b>935.4</b>	<b>1,036.3</b>

## RECOGNITION AND MEASUREMENT

Cash assets comprises cash on hand, cash at banks and short-term deposits with a maturity of one year or less that are repayable to the Group on demand and are subject to an insignificant risk of changes in value.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods, depending on the near-term cash requirements of the Group, and earn interest at the respective short-term deposit rates.

## RESTRICTIONS ON CASH HELD IN PAPUA NEW GUINEA

As at 31 December 2018, Coca-Cola Amatil's Papua New Guinea business had local currency (Kina) denominated cash assets and funds held in to maturity investments of \$291.1 million (PGK 692.5 million) (2017: \$234.8 million (PGK 586.1 million)). Presently, there are Papua New Guinean government-imposed currency controls which impact the extent to which the cash held in Papua New Guinea can be remitted for use elsewhere in the Group.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

## III OUR CAPITAL – FINANCING (CONTINUED)

### 13a CASH AND CASH EQUIVALENTS (CONTINUED)

#### FREE CASH FLOW

The Group uses the free cash flow measure to determine the amount of funds available to invest in capital expenditure, reduce net debt or return to shareholders mainly in the form of dividends. Free cash flow is calculated as follows:

	2018 \$M	2017 \$M
<b>Net operating cash flows</b>	<b>622.5</b>	<b>589.2</b>
Payments made for additions of:		
– property, plant and equipment	(306.7)	(293.7)
– software development assets	(32.6)	(18.5)
– other intangible assets	(0.4)	–
Proceeds from:		
– disposal of property, plant and equipment	86.5	152.3
– government grant relating to additions of property, plant and equipment	5.0	–
<b>Free cash flow</b>	<b>374.3</b>	<b>429.3</b>

#### RECONCILIATION OF EARNINGS BEFORE INTEREST AND TAX (EBIT) TO NET OPERATING CASH FLOWS

	2018 \$M	2017 \$M
<b>EBIT</b>	<b>457.3</b>	<b>678.4</b>
Adjustments for:		
Depreciation and amortisation expenses	267.0	282.9
Impairment charges <sup>1</sup>	148.1	14.4
Changes in adjusted working capital <sup>2</sup>	43.6	(44.8)
Net interest and other finance costs paid	(86.9)	(53.5)
Income taxes paid	(159.6)	(173.4)
Other items (refer below)	(47.0)	(114.8)
	165.2	(89.2)
<b>Net operating cash flows</b>	<b>622.5</b>	<b>589.2</b>

Other items comprise of the following:

	2018 \$M	2017 \$M
Share of (profit)/loss from equity accounted investments	(0.1)	0.1
Profit from disposal of property, plant and equipment and software development assets <sup>1</sup>	(47.9)	(104.5)
Movements in:		
– prepayments	4.3	(34.1)
– provisions	(27.9)	17.6
– sundry items	24.6	6.1
	<b>(47.0)</b>	<b>(114.8)</b>

<sup>1</sup> Mainly comprises of non-trading items. Refer to Note 3b for further details.

<sup>2</sup> Working capital is adjusted to exclude the impact of non-cash flow and non-operating items such as foreign exchange translation, acquisitions and disposals of businesses and trade and other payables relating to additions of property, plant and equipment.

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

	2017					2018				
	Opening balance \$M	Cash flows \$M	Foreign exchange \$M	Other movements <sup>1</sup> \$M	Closing balance \$M	Cash flows \$M	Foreign exchange \$M	Other movements <sup>1</sup> \$M	Closing balance \$M	
Bonds	2,205.8	130.1	(8.9)	(12.9)	2,314.1	(201.2)	5.0	38.1	2,156.0	
Bank loans	166.4	(135.2)	(7.1)	5.0	29.1	210.0	—	0.9	240.0	
Other financial liabilities and borrowings	79.5	(9.2)	(0.4)	—	69.9	(4.1)	6.3	—	72.1	
Derivatives – debt related (net)	(81.9)	26.8	(0.2)	15.7	(39.6)	—	—	(42.1)	(81.7)	
<b>Total liabilities from financing activities</b>	<b>2,369.8</b>	<b>12.5</b>	<b>(16.6)</b>	<b>7.8</b>	<b>2,373.5</b>	<b>4.7</b>	<b>11.3</b>	<b>(3.1)</b>	<b>2,386.4</b>	
Payments for share buy-back		(351.2)				(0.4)				
Loan given		—				(6.5)				
Dividends paid		(345.8)				(340.5)				
<b>Net financing cash flows</b>		<b>(684.5)</b>				<b>(342.7)</b>				

1 Mainly relates to foreign currency movements attributable to bonds hedged with foreign currency swaps (these swaps are classified as Derivatives – debt related; see Note 13d for further details).

## 13b BORROWINGS

	2018 \$M	2017 \$M
<b>Current</b>		
Unsecured:		
Bonds	150.9	417.8
Bank overdraft	2.0	1.7
Other	1.3	1.4
	<b>154.2</b>	<b>420.9</b>
<b>Non-current</b>		
Unsecured:		
Bonds	1,370.0	1,472.9
Bonds (swapped into local currency) <sup>1</sup>	635.1	423.4
Bank loans	240.0	29.1
Other	2.9	4.1
	<b>2,248.0</b>	<b>1,929.5</b>

1 Cross currency swaps are used by the Group to swap foreign currency bonds into the required local currency. These swaps are recognised within derivatives – debt related; refer to Note 13d.

## RECOGNITION AND MEASUREMENT

Borrowings are initially recognised at fair value at settlement date and subsequently at amortised cost using the effective interest method, net of associated transaction costs. Borrowings are derecognised when the obligation under the liability is discharged, cancelled or expired.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

## III OUR CAPITAL – FINANCING (CONTINUED)

### 13c OTHER FINANCIAL LIABILITIES

#### COLLATERAL

The Group as part of its capital and risk management strategy, uses financial instruments to hedge the Group's exposure to adverse fluctuations in market risks. The hedges are marked-to-market, to determine fair value, at regular intervals to test for hedge effectiveness between the underlying hedged item and the hedging instrument.

Due to changes in the fair value of the hedge contracts and to minimise the impact of credit default, the Group received \$67.9 million (US \$48.0 million) as cash collateral pledged from external counterparties (2017: \$64.4 million (US \$50.0 million)). Coca-Cola Amatil Limited holds the collateral under an agreement to provide protection against credit risk exposure from its counterparties. As at 31 December 2018, if pledged collaterals were included in the master netting arrangements on the derivative portfolio, net derivative assets would reduce to \$13.6 million net derivative liability (2017: net impact would reduce the net derivative assets to \$30.2 million).

#### RECOGNITION AND MEASUREMENT

Cash collateral received or paid by the Group is recognised at fair value at settlement date in the statements of cash flows. All other financial assets are recognised on trade date. A financial asset or liability is derecognised as and when the rights to receive or obligation to pay cash flows from the asset or liability have expired or the Group has transferred its rights to receive or obligation to pay cash flows.

### 13d DERIVATIVE NET ASSETS/(LIABILITIES)

	2018 \$M	2017 \$M
<b>Balance sheet derivatives comprise:</b>		
Assets – current	21.2	20.8
Assets – non-current	132.5	101.8
Liabilities – current	(32.2)	(20.2)
Liabilities – non-current	(67.1)	(68.2)
<b>Derivative net assets</b>	<b>54.4</b>	<b>34.2</b>

Derivative net assets comprise of:

	Note	Derivative carrying amounts			Movements in		Movements recognised in	
		Assets \$M	Liabilities \$M	Net \$M	Derivatives \$M	Recognised underlying hedged items \$M	Income statement \$M	Other compre- hensive income \$M
<b>2018</b>								
Debt related – fair value hedges <sup>1</sup>								
– cross currency swap <sup>2</sup>		108.8	(25.0)	83.8	40.2	(42.1)	42.1	(1.9)
Debt related – cash flow hedges <sup>3</sup>								
– cross currency swap <sup>2</sup>		8.5	(10.6)	(2.1)	1.9	(1.9)	–	1.9
<b>Total debt related</b>	14a) i) & ii)	<b>117.3</b>	<b>(35.6)</b>	<b>81.7</b>	<b>42.1</b>	<b>(44.0)</b>	<b>42.1</b>	<b>–</b>
Non-debt related – fair value hedges								
– foreign exchange contracts		–	–	–	(0.3)	0.3	(0.3)	–
Non-debt related – cash flow hedges								
– foreign exchange contracts	14a) i)	25.0	(3.1)	21.9	32.4	(35.9)	(3.5)	35.9
– interest rate contracts	14a) ii)	5.4	(25.1)	(19.7)	(6.3)	6.3	–	(6.3)
– commodity contracts	14a) iii)	6.0	(35.5)	(29.5)	(47.7)	47.7	–	(47.7)
<b>Total non-debt related</b>		<b>36.4</b>	<b>(63.7)</b>	<b>(27.3)</b>	<b>(21.9)</b>	<b>18.4</b>	<b>(3.8)</b>	<b>(18.1)</b>
<b>Total derivatives</b>		<b>153.7</b>	<b>(99.3)</b>	<b>54.4</b>	<b>20.2</b>	<b>(25.6)</b>	<b>38.3</b>	<b>(18.1)</b>
<b>2017</b>								
Debt related – fair value hedges <sup>1</sup>								
– cross currency swap <sup>2</sup>		70.5	(26.9)	43.6	(38.3)	35.9	(35.9)	(2.4)
Debt related – cash flow hedges <sup>3</sup>								
– cross currency swap <sup>2</sup>		9.5	(13.5)	(4.0)	(4.0)	4.0	–	(4.0)
<b>Total debt related</b>	14a) i) & ii)	<b>80.0</b>	<b>(40.4)</b>	<b>39.6</b>	<b>(42.3)</b>	<b>39.9</b>	<b>(35.9)</b>	<b>(6.4)</b>
Non-debt related – fair value hedges								
– foreign exchange contracts		0.3	–	0.3	0.4	(0.4)	0.4	–
Non-debt related – cash flow hedges								
– foreign exchange contracts	14a) i)	4.5	(15.0)	(10.5)	(29.8)	25.3	(4.5)	(25.3)
– interest rate contracts	14a) ii)	6.5	(19.9)	(13.4)	(5.9)	5.9	–	(5.9)
– commodity contracts	14a) iii)	31.3	(13.1)	18.2	4.5	(4.5)	–	4.5
<b>Total non-debt related</b>		<b>42.6</b>	<b>(48.0)</b>	<b>(5.4)</b>	<b>(30.8)</b>	<b>26.3</b>	<b>(4.1)</b>	<b>(26.7)</b>
<b>Total derivatives</b>		<b>122.6</b>	<b>(88.4)</b>	<b>34.2</b>	<b>(73.1)</b>	<b>66.2</b>	<b>(40.0)</b>	<b>(33.1)</b>

1 The underlying hedged item represents bonds swapped into local currency. Foreign currency and interest related movements in these bonds are recognised in the income statement, which are offset by movements in related hedging derivatives, within the income statement. The net effect results in no impact on net debt other than any hedge ineffectiveness that may arise from credit valuation adjustments and currency basis that does not form a part of the hedge relationship. The accumulated change in the fair value of the hedged bond is equal to the carrying amount of the derivative, which is \$60.3 million (2017: \$24.7 million). The carrying value of the hedged bonds is \$356.8 million (2017: \$286.3 million).

2 Includes currency basis adjustment.

3 Refer to footnote 1, with movements being recognised in other comprehensive income rather than the income statement.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

## III OUR CAPITAL – FINANCING (CONTINUED)

### 13d DERIVATIVE NET ASSETS/(LIABILITIES) (CONTINUED)

#### RECOGNITION AND MEASUREMENT

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

The Group designates its derivatives as hedges for either:

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

Amounts recognised in equity are transferred to appropriate functional cost areas, as and when the hedged item is consumed.

Derivative financial instruments in a hedge relationship are initially recognised in equity. Any gain or loss is reclassified to the income statement when the Group exercises, terminates, or revokes designation of the hedge relationship. Ineffectiveness may arise from credit valuation adjustments and is recognised in the income statement as finance costs.

#### Derivatives – debt related

Debt related derivatives apply solely to hedging of the foreign currency principal amounts and fair values of borrowings. During the financial year, the Group held cross currency swaps to mitigate exposures to changes in the fair value of a portion of the Group's foreign currency denominated debt from fluctuations in foreign currency and interest rates. The changes in fair values of the hedged debt resulting from movements in exchange rates and interest rates are offset against the changes in the value of the cross currency swaps. The objective of this hedging is to convert foreign currency borrowings to local currency borrowings at inception, so that no significant portion of the change in fair value of the cross currency swap is expected to be ineffective as the amount of the cross currency swaps is the same as that of the underlying debt and all cash flow and reset dates coincide between the borrowing and the swaps.

Gains or losses from remeasuring the fair value of the swaps are recognised within net finance costs in the income statement and are offset with the gains and losses from the hedged foreign currency debt where those gains or losses relate to the hedged risks.

The effectiveness of the hedging relationship is tested at inception and at regular intervals thereafter by means of cumulative dollar offset effectiveness calculations. The primary objective is to determine if changes to the fair value of the hedged item and the derivative are highly correlated and thus support the assertion that there will be a high degree of offset in fair value movements achieved by the hedge.

#### Derivatives – non-debt related

Non-debt derivatives relate to all derivatives other than those that are debt related being foreign currency, commodity and interest rate (as they do not impact the calculation of net debt). Cash flow hedges are used to hedge future cash flows or a probable transaction that could affect the income statement. Any gain or loss on effective portions of the hedging instrument is recognised directly in equity, while any other gain or loss ineffective portions are recognised in the income statement as finance costs. If the forecast transaction is revoked or no longer expected to occur, amounts previously recognised in equity are transferred to the income statement over the life of the underlying exposure.

The Group placed certain amounts of foreign currency on deposits that were used to hedge highly probable forecast purchases of capital expenditure items and raw materials. Any movements in the translation of these deposits were recognised within the hedging reserve.

Refer to Note 14 for further information on Coca-Cola Amatil Limited's financial risk management process.

#### Presentation, offsetting and netting arrangements

The Group presents derivative assets and liabilities on a gross basis. Certain derivative assets and liabilities are subject to enforceable master netting arrangements with individual counterparties if a default event occurs. If these netting arrangements were to be applied to the derivative portfolio as at 31 December 2018, derivative assets and liabilities would each reduce by \$66.2 million (2017: \$38.5 million).

## IV OUR RISK MANAGEMENT

### 14 FINANCIAL RISK MANAGEMENT

#### HOW THE GROUP MANAGES FINANCIAL RISK

Our financial risk management activities are carried out centrally by the Group's Treasury function, which is governed by a Board-approved Treasury Policy which strictly prohibits any speculative trading. The Group's risk management activities seek to reduce volatility of financial performance, which assists with the delivery of the Group's financial targets. This is achieved through a process of identifying, recording and communicating financial exposures and risks within the Group upon which risk management strategies are applied utilising derivatives and hedge accounting practices. Refer to Note 13d for further information on derivatives and hedge accounting.

The Group's financial assets and liabilities originate from and are used for operating and investing activities which generate financial assets and liabilities including cash, trade and other receivables and trade and other payables, and for financing activities, which are used to invest surplus funds and to raise funds for the Group's operations and take the form of cash, term deposits, bonds, bank loans and bank overdrafts.

#### Risk management

Financial assets and liabilities, being primarily derivative or hedging contracts, are used to manage financial risks that arise from the above-mentioned activities. These risks are summarised as and described further, in the following sections:

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

#### a) MARKET RISKS

##### Sensitivities – analysis

The below sensitivity analyses illustrate possible outcomes from the Group's approach to financial risk management in relation to market risks. The analyses show the effect on profit and other comprehensive income for the year if market rates had been 10% higher or lower with all other variables held constant, taking into account existing financial asset and liability exposures and related hedges. A sensitivity of 10% has been selected, as this is considered reasonable given the current level of market prices, the volatility observed on a historical basis and market expectations for future movements.

	Profit for the year		Other comprehensive income	
	2018 \$M	2017 \$M	2018 \$M	2017 \$M
<b>Foreign currency rates</b>				
10% increase	—	—	(21.7)	(17.8)
10% decrease	—	—	28.4	21.0
<b>Interest rates<sup>1</sup></b>				
10% increase in variable rates	(1.4)	(2.4)	(2.4)	(1.8)
10% decrease in variable rates	1.4	2.5	2.3	1.7
<b>Commodity prices<sup>2</sup></b>				
10% increase	—	—	14.2	16.4
10% decrease	—	—	(14.2)	(16.4)

1 10% refers to applying a multiplication factor to (rather than addition) the underlying interest rate.

2 The table does not show the sensitivity to the Group's total underlying exposures or the impact of changes in volumes that may arise from an increase or decrease in commodity prices.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

## IV OUR RISK MANAGEMENT (CONTINUED)

### 14 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### a) MARKET RISKS (CONTINUED)

As can be seen from the preceding table, a movement in market rates by 10% would have no material impact on profit for the year, reflecting the Group's approach to hedging as described in Note 13d. Volatility does arise in other comprehensive income mainly due to the remeasurement of derivatives to fair value as at the reporting date.

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

#### i) Foreign currency risk

Foreign currency risk refers to the risk that the cash flows arising from a financial commitment or recognised asset or liability, will fluctuate due to changes in foreign currency rates. The Group's foreign currency risk arises primarily from:

- firm commitments and/or highly probable forecast transactions for receipts and payments settled in foreign currencies and prices dependent on foreign currencies respectively
- cash, term deposits and borrowings denominated in foreign currency
- translation of the financial statements of Coca-Cola Amatil Limited's foreign subsidiaries, refer to Note 14b) iii)

The Group's risk management policy for foreign exchange allows hedging of forecast cost of goods sold related transactions for up to four years before requiring executive management approval. Foreign currency denominated capital expenditure is generally hedged upon the making of firm commitments. The policy prescribes a range of minimum and maximum hedging parameters linked to actual and forecast transactions involving foreign currency exposures which are progressively increased to a range of 25% to 100% in the current year.

The Group's foreign currency transactions (relative to each subsidiary's functional currency) are mainly conducted in the following currencies:

- Australian Dollars (AUD)
- United States Dollars (USD) – primarily for commodity purchasing, certain borrowings and capital expenditure
- New Zealand Dollars (NZD)
- Japanese Yen (JPY) – primarily for certain borrowings
- Euros (EUR) – primarily for capital expenditure
- Norwegian Krone (NOK) – primarily for certain borrowings

At the reporting date, the Group had exposure to foreign currency risk on the following financial assets and liabilities (due to the items being denominated in currencies other than AUD) and mitigated that risk with the hedges presented in the following table:

Financial assets and liabilities (exposures) <sup>1</sup>	2018				2017			
	USD \$M	JPY \$M	Other \$M	Total \$M	USD \$M	JPY \$M	Other \$M	Total \$M
Cash assets	77.8	–	0.9	78.7	91.3	–	1.9	93.2
Borrowings – bonds	70.8	356.8	207.5	635.1	64.4	314.0	45.0	423.4
Other financial liabilities	67.9	–	–	67.9	64.4	–	–	64.4

Hedging derivatives – net assets/(liabilities)	Carrying amount \$M	Nominal amounts <sup>1</sup> \$M	Hedge ranges as at inception – exchange rates					Maturity profile years	
			AUD/USD	AUD/NZD	AUD/JPY	NZD/USD	AUD/NOK		IDR/USD
<b>2018</b>									
Cross currency swaps <sup>2</sup>	27.6	574.1	–	1.29	85-87	0.83	5.93	–	>5
<b>Debt related</b>	<b>27.6</b>								
Foreign currency forwards <sup>3</sup>	20.4	457.9	0.71-0.81	1.05-1.10	–	0.66-0.74	–	14,940-15,000	<2
Currency options <sup>3</sup>	1.5	144.1	0.72-0.81	–	–	0.67-0.73	–	–	<1
<b>Non-debt related</b>	<b>21.9</b>								
<b>2017</b>									
Cross currency swaps <sup>2</sup>	(3.4)	400.7	–	1.29	85-87	0.83	–	–	>5
<b>Debt related</b>	<b>(3.4)</b>								
Foreign currency forwards <sup>3</sup>	(5.1)	413.7	0.72-0.79	1.06-1.11	–	0.68-0.72	–	13,374-13,487	<2
Currency options <sup>3</sup>	(5.4)	286.1	0.70-0.81	–	–	0.63-0.73	–	–	<2
<b>Non-debt related</b>	<b>(10.5)</b>								

1 Principal amounts converted to AUD at balance date foreign exchange rates.

2 Carrying amount classified as derivatives – debt related.

3 Derivatives used for firm commitments and/or highly probable forecast purchases of raw materials and capital expenditure.

## ii) Interest rate risk

Interest-bearing financial assets and liabilities which expose the Group to interest rate risk are predominantly cash assets, term deposits, bonds, bank loans and bank overdrafts.

The Group's risk management policy for interest rate risk seeks to minimise the effects of interest rate movements on its financial asset and liability portfolio through active management of the exposures. The policy prescribes that the average maturity of the hedging portfolio must be between one and five years. It is usual practice for the next 12 months' floating rate exposures to be largely fixed up to a maximum of 100% of the forecast exposure.

The Group primarily enters into interest rate option, interest rate swap and cross currency swap agreements to manage these risks.

At the reporting date, the Group had the following mix of financial assets and liabilities bearing interest, and mitigated that risk with the hedges presented in the following table:

Financial assets and liabilities (exposures)	2018				2017			
	Average floating rate % p.a.	At floating rates \$M	At fixed rates \$M	Carrying amount \$M	Average floating rate % p.a.	At floating rates \$M	At fixed rates \$M	Carrying amount \$M
Cash assets	3.3	937.4	—	937.4	1.7	1,038.0	—	1,038.0
Bonds	2.2	0.9	2,155.1	2,156.0	2.7	120.7	2,193.4	2,314.1
Bank loans, bank overdrafts and other borrowings	2.6	246.2	—	246.2	2.3	36.3	—	36.3
Other financial liabilities	1.7	67.9	—	67.9	1.2	64.4	—	64.4
Hedging derivatives – net assets/(liabilities)	Carrying amount \$M	Nominal amounts <sup>1</sup> \$M	Hedge ranges <sup>2</sup> % p.a.	Average maturity profile years	Carrying amount \$M	Nominal amounts <sup>1</sup> \$M	Hedge ranges <sup>2</sup> % p.a.	Average maturity profile years
Cross currency swap	54.1	292.7	2.4-3.6	>5	43.0	292.7	2.2-3.4	>5
<b>Debt related</b>	<b>54.1</b>				<b>43.0</b>			
Interest rate options	(0.5)	50.0	3.3-4.5	<1	(1.0)	50.0	3.3-4.5	<2
Interest rate swaps	(8.4)	753.5	3.1-4.9	>5	(13.0)	847.4	3.1-6.3	>5
Cross currency swap	(10.8)	281.4	3.2	>5	0.6	108.0	3.3	>5
<b>Non-debt related</b>	<b>(19.7)</b>				<b>(13.4)</b>			

1 Principal amounts converted to AUD at balance date foreign exchange rates.

2 As at inception.

## iii) Commodity price risk

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

The Group's risk management policy for commodity price risk allows hedging of forecast transactions for up to four years before requiring executive management approval. The policy prescribes a range of minimum and maximum hedging parameters linked to actual and forecast transactions involving strategic commodity exposures which are progressively increased to a range of 70% to 100% in the current year.

The Group enters into futures, swaps and option contracts to hedge commodity price risk, with the objective of obtaining lower raw material prices and a more stable and predictable commodity price outcome. Futures contracts are mainly used to hedge the primary exposures, being aluminium ingot, raw sugar and resin, which are priced on the London Metal Exchange, Intercontinental Exchange and on the Independent Chemical Information Services respectively. These exposures are designated to be the risk component which are hedged with futures contracts. These together form a part of the hedge relationship and are designed to be highly effective. Costs associated with rolling of aluminium cans, refining of raw sugar and any other transaction costs represent other risk components which do not form part of the hedge relationship but are recognised within cost of goods sold in the income statement.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

## IV OUR RISK MANAGEMENT (CONTINUED)

### 14 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### a) MARKET RISKS (CONTINUED)

##### iii) Commodity price risk (continued)

At the reporting date, the Group had exposure to commodity price risk on the following usage quantities and mitigated that risk with the hedges presented in the following table:

Commodity	Exposure		Hedging			
	Usage metric tonnes	Derivatives <sup>1</sup>	Carrying amount \$M	Nominal volume metric tonnes	Hedge range – commodity prices <sup>2</sup>	Maturity profile years
<b>2018</b>						
Aluminium ingot	31,150	Futures	0.5	27,975	1,695.3-2,167.0	<2
Raw sugar	278,183	Futures	(18.8)	208,036	276.0-425.1	<2
Coffee	2,505	Futures	(1.2)	255	2,224.0-2,972.0	<2
Polyethylene terephthalate (PET)	72,162	Futures	(10.0)	32,616	1,300.0-1,363.0	<2
<b>Non-debt related (liabilities)</b>			<b>(29.5)</b>			
<b>2017</b>						
Aluminium ingot	30,184	Futures	27.9	34,475	1,628.0-2,130.4	<3
Raw sugar	288,982	Futures	(9.7)	318,663	315.9-425.1	<3
<b>Non-debt related assets</b>			<b>18.2</b>			

1 Mainly futures, including some swaps and options.

2 USD per metric tonne at inception date.

#### b) OTHER FINANCIAL RISKS

##### i) Liquidity risk

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

To help reduce liquidity risk, the Group:

- has a liquidity policy which targets a minimum level of committed facilities relative to net debt
- has readily accessible funding arrangements in place
- generally utilises financial assets and liabilities that are tradeable in liquid markets
- staggers maturities of financial assets and liabilities

Liquidity risk is measured by using cash flow forecasts and comparing projected debt levels against total committed facilities.

The contractual cash flows and expected timings of the Group's financial liabilities are shown in the table below. The contractual amounts represent the net future undiscounted principal and interest cash flows and therefore may not equal to the carrying amounts to the financial statements.

Financial liabilities (exposures)	Carrying amount \$M	Expected timing of contractual cash outflows				Total \$M
		Less than 1 year \$M	1 to 2 years \$M	2 to 5 years \$M	Over 5 years \$M	
<b>As at 31 December 2018</b>						
Trade and other payables	1,246.8	1,246.8	—	—	—	1,246.8
Borrowings	2,402.2	231.8	618.3	874.0	1,121.5	2,845.6
Other financial liabilities	67.9	67.9	—	—	—	67.9
Derivative liabilities	99.3	22.6	2.6	2.6	48.6	76.4
<b>Total financial liabilities</b>	<b>3,816.2</b>	<b>1,569.1</b>	<b>620.9</b>	<b>876.6</b>	<b>1,170.1</b>	<b>4,236.7</b>
<b>As at 31 December 2017</b>						
Trade and other payables	1,191.9	1,191.9	—	—	—	1,191.9
Borrowings	2,350.4	540.2	219.7	1,113.6	859.6	2,733.1
Other financial liabilities	64.4	64.4	—	—	—	64.4
Derivative liabilities	88.4	7.4	6.1	35.7	128.9	178.1
<b>Total financial liabilities</b>	<b>3,695.1</b>	<b>1,803.9</b>	<b>225.8</b>	<b>1,149.3</b>	<b>988.5</b>	<b>4,167.5</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

## IV OUR RISK MANAGEMENT (CONTINUED)

### 14 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### b) OTHER FINANCIAL RISKS (CONTINUED)

##### i) Liquidity risk (continued)

The Group had the following financing facilities available at the reporting date:

	2018 \$M	2017 \$M
<b>Bank loan facilities</b>		
Total arrangements	500.0	500.0
Carrying amount – used as at the end of the year	(240.0)	(29.1)
<b>Unused as at the end of the year</b>	<b>260.0</b>	<b>470.9</b>
<b>Bank overdraft facilities</b>		
Total arrangements	19.5	24.9
Carrying amount – used as at the end of the year	(2.0)	(1.7)
<b>Unused as at the end of the year</b>	<b>17.5</b>	<b>23.2</b>

The Group has available undrawn committed bank loan facilities of \$260.0 million, which is sufficient to fund the repayment of all current borrowings of \$154.2 million as at 31 December 2018.

##### ii) Credit risk

Credit risk is the risk that a contracting entity will not fulfil its obligations under the terms of a financial instrument and will cause the Group to make a financial loss. The Group has exposure to credit risk on all financial assets included in the Group's balance sheet. To help manage this risk, the Group:

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

For credit purposes, there is only a credit risk where the contracting entity is liable to pay the Group on settlement. The Treasury Policy sets limits on the amount of credit exposure to each financial institution. New derivatives, cash and term deposit transactions are limited to financial institutions that meet minimum credit rating criteria in accordance with the Policy. These limits are set to minimise the concentration of risk and therefore mitigate the risk of financial loss as a result of a counterparty's failure to make a payment.

Customer credit risk is managed by each business unit subject to established policies, procedures and controls relating to customer risk management. Credit limits are set for each customer and these are regularly monitored. For information concerning percentage of sales to the Group's top three customers and trade receivables past due but not impaired refer to Notes 2 and 6a respectively.

The Group's maximum exposure for credit risk is the sum of the carrying amount of all cash assets, long-term deposits, trade and other receivables and derivative asset balances.

##### iii) Foreign currency translation risk

The financial statements for each of Coca-Cola Amatil Limited's foreign operations are prepared in their local currency. For the purpose of preparing the Group's consolidated financial information, each foreign operation's financial statements are translated into Australian Dollars using applicable foreign exchange rates for the reporting period. A translation risk exists on translating the financial statements of Coca-Cola Amatil Limited's foreign operations. As a result, volatility in foreign exchange rates can impact the Group's net assets, profit and other comprehensive income.

The Group does not as a matter of policy, hedge translation risk. However, there are occasions when it is considered appropriate to hedge foreign currency denominated earnings and this form of translation risk may be hedged from time to time.

## 15 FAIR VALUE

The Group applies historical cost accounting, with the exception of certain financial assets and liabilities. These financial assets and liabilities and a summary of how fair value accounting is applied, are summarised below:

Financial assets and liabilities	Carrying amount and fair value relationship
Cash, trade and other receivables and payables	Values are approximately the same mainly due to their short-term nature.
Borrowings – bonds	Differences arise mainly due to mandatory borrowing terms. At 31 December 2018, carrying and fair values for bonds were \$2,156.0 million and \$2,172.1 million (2017: \$2,314.1 million and \$2,361.5 million) respectively. For these fair values, inputs were based on interest rates and yield curves at commonly quoted intervals and credit spreads (level 2 inputs) that are observable for a similar liability in the market. Differences between carrying and fair values for bonds are due to changes in fixed interest rates.
Long-term deposits and borrowings – other than bonds	Values are approximately same mainly due to the absence of material break costs on early repayment or cancellation.
Derivatives	Accounted for at fair value using valuation techniques described below.

### DERIVATIVES – VALUATION TECHNIQUES

Fair values of derivatives based on quoted prices in active markets are categorised as level 1. The Group establishes fair value by using valuation techniques such as discounted cash flow or option pricing models (level 2), using inputs that are observable either directly (as prices) or indirectly (derived from prices). These include reference to the fair values of recent arm's length transactions, involving the same or similar instruments. The classification of derivatives by level is shown in the table below:

Derivative	2018			2017		
	Level 1 \$M	Level 2 \$M	Carrying amount \$M	Level 1 \$M	Level 2 \$M	Carrying amount \$M
Assets	6.0	147.7	153.7	31.4	91.2	122.6
Liabilities	(25.5)	(73.8)	(99.3)	(13.1)	(75.3)	(88.4)
<b>Derivative net assets</b>	<b>(19.5)</b>	<b>73.9</b>	<b>54.4</b>	<b>18.3</b>	<b>15.9</b>	<b>34.2</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

## V OTHER INFORMATION

### 16 RELATED PARTIES

#### PARENT ENTITY

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

#### KEY MANAGEMENT PERSONNEL (KMP)

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

#### RELATED ENTITIES

As at the end of the financial year, The Coca-Cola Company (TCCC) through its subsidiary, Coca-Cola Holdings (Overseas) Limited, for 2017 and 2018 held 30.8% of Coca-Cola Amatil's fully paid ordinary shares. Further, TCCC owns 29.4% of the shares in PT Coca-Cola Bottling Indonesia, a subsidiary of the Company (refer below for further details).

Refer to Note 11a for details of other related entities.

#### TRANSACTIONS WITH ENTITIES WITH SIGNIFICANT INFLUENCE OVER THE GROUP

	2018 \$'000	2017 \$'000
Purchases and other expenses – TCCC and its subsidiaries	695,735.1	711,397.3
Reimbursements and other revenues – TCCC and its subsidiaries	19,138.4	25,561.3
Amounts receivable from TCCC and its subsidiaries	39,244.0	22,098.7
Amounts payable to TCCC and its subsidiaries	114,827.2	130,342.3

#### TERMS AND CONDITIONS OF TRANSACTIONS WITH RELATED PARTIES

All transactions with related parties are conducted under normal commercial terms and conditions. Receivable and payable balances at year end are unsecured and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivable and no provision has been raised for allowance for doubtful receivables relating to amounts owed by related parties.

#### Transactions with TCCC and its subsidiaries

##### *Purchases and other expenses*

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

##### *Reimbursements and other revenues*

Under a series of arrangements, the Group participates with certain subsidiaries of TCCC under which they jointly contribute to the development of the market in the territories in which the Group operates. These arrangements include a regular shared marketing expenses program, under which the Group contributes to certain TCCC incurred marketing expenditure and TCCC contributes to certain marketing expenditure incurred by the Group. Amounts received are either accounted for as a credit to revenue or as a reduction to expense, as appropriate.

### 17 EMPLOYEE OWNERSHIP PLANS

Coca-Cola Amatil Limited has the following plans: the Employees Share Plan, the Long-Term Incentive Plan, and the Executive Post-tax Share Purchase Plan. Coca-Cola Amatil Limited fully paid ordinary shares issued under these plans rank equally with all other existing fully paid ordinary shares with respect to voting rights, dividends and future bonus and rights issues.

#### EMPLOYEES SHARE PLAN (ESP)

The ESP provides all full-time and part-time permanent employees with an opportunity to contribute up to 3% of their base salary to acquire shares in Coca-Cola Amatil Limited. The ESP is administered by a trustee which acquires and holds shares on behalf of the participants. These shares are purchased on market at prevailing market prices. Shares forfeited under the terms of the ESP are also utilised. For every share acquired with amounts contributed by a participant, a matching share is acquired by the trustee, which under normal circumstances vests with the employee after a period of two years from their date of issue (acquisition or utilisation) with contributions made by the employing entities. There are no performance conditions. Members of the ESP receive dividends on both vested and unvested shares held on their behalf by the trustee. As at 31 December 2018, the number of shares in the ESP, both vested and unvested, was 3,352,054 (2017: 3,576,014). The number of shares vested to employees was 1,658,053 (2017: 2,032,579). All shares were purchased on market during the financial year.

## LONG-TERM INCENTIVE PLAN (LTIP)

Under Coca-Cola Amatil Limited's Long-Term Incentive Plan, senior executives (as approved by the Board) have the opportunity to be rewarded with fully paid ordinary shares, providing the Long-Term Incentive Plan meets minimum pre-determined hurdles covering a three-year period, as set by the People Committee. These shares are purchased on market or issued to the trustee once the Long-Term Incentive Plan vests.

The plans have three performance conditions, namely Relative TSR, Absolute TSR and EPS. Details of the performance and service conditions for the Long-Term Incentive Plan 2018–2020 are provided in the Remuneration Report.

Dividends are payable to participants of the Long-Term Incentive Plan 2018–2020 only once the rights vest into shares.

The fair value of shares offered in the Long-Term Incentive Plan 2018–2020 is determined by an independent external valuer using an option pricing model with the following inputs:

	16 May 2018	16 May 2017
Grant date		
Grant date share price	\$8.97	\$9.60
Volatility	20.0%	21.0%
Dividend yield per annum	5.0%	4.9%
Risk free rate per annum	2.1%	1.7%

Set out below are details of share rights granted under Long-Term Incentive Plan:

Sub-plan	Grant date	Opening balance No.	Granted No.	Vested No.	Lapsed and forfeited No.	Closing balance No.	Weighted average fair value \$
<b>31 December 2018</b>							
2016-2018	18 May 2016	1,582,814	—	—	(1,582,814)	—	4.66
2017-2019	16 May 2017	1,541,284	—	—	(217,516)	1,323,768	4.85
2018-2020	16 May 2018	—	1,789,194	—	(148,506)	1,640,688	5.26
		<b>3,124,098</b>	<b>1,789,194</b>	<b>—</b>	<b>(1,948,836)</b>	<b>2,964,456</b>	
<b>31 December 2017</b>							
2015-2017	12 May 2015	1,324,458	—	(293,325)	(1,031,133)	—	—
2016-2018	18 May 2016	1,658,570	—	—	(75,756)	1,582,814	4.66
2017-2019	16 May 2017	—	1,541,284	—	—	1,541,284	4.85
		<b>2,983,028</b>	<b>1,541,284</b>	<b>(293,325)</b>	<b>(1,106,889)</b>	<b>3,124,098</b>	

## EXECUTIVE POST-TAX SHARE PURCHASE PLAN

All senior executives are required to have a portion of their short-term incentives deferred as restricted shares. The shares are purchased on market and trading of these shares by the executives is restricted for 12 months for 50% of the shares, with the remaining 50% restricted for 24 months. Dividends are payable to the participants of the Plan. Details on the forfeiture conditions of these shares are provided in the Remuneration Report. As at 31 December 2018, the number of restricted shares in the Plan was 127,470 (2017: 119,254).

## RECOGNITION AND MEASUREMENT

The value of services provided by employees to the Group in return for Coca-Cola Amatil Limited's shares granted under employee ownership plans, is measured by reference to the fair value of the shares as at the grant date. Fair values are determined as the cost of shares purchased for employer contributions to the ESP (shares are purchased at grant date) and are determined by an independent external valuer for shares granted under the Long-Term Incentive Plan (shares are purchased at vesting date).

The fair value of shares is charged to the income statement over the vesting period, with a matching increase in the share-based remuneration reserve recognised, representing the obligation to provide these shares on vesting. On vesting, the treasury shares account and this reserve are reduced.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition, such as Relative TSR and Absolute TSR or subject to service conditions not being fulfilled (as determined by the Board in its absolute discretion).

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

## V OTHER INFORMATION (CONTINUED)

### 18 COMMITMENTS

	2018 \$M	2017 <sup>1</sup> \$M
<b>Capital expenditure commitments</b>		
Estimated aggregate amount of contracts for purchase of property, plant and equipment not provided for, payable within one year	<b>82.5</b>	<b>93.1</b>
<b>Operating lease commitments</b>		
Lease commitments for non-cancellable operating leases with terms of more than one year, payable:		
– within one year	77.5	84.6
– later than one year but not later than five years	207.4	196.8
– later than five years	339.6	286.5
	<b>624.5</b>	<b>567.9</b>

<sup>1</sup> As a result of the Group's AASB 16 Leasing implementation project, Coca-Cola Amatil has revised the basis of calculation of lease commitments to further align with AASB 117 and has identified certain lease contracts not previously identified as leases. These changes have resulted in an adjustment to decrease the comparative amounts for this disclosure by \$33.5 million in total.

The Group has entered into non-cancellable operating leases on certain properties, motor vehicles and other items of plant and equipment. Leases vary in contract length depending on the asset involved. Renewal terms are included in certain contracts, with renewal at the option of the entity holding the lease. On renewal, the terms of the leases are usually renegotiated.

### 19 KMP DISCLOSURES

	2018 \$'000	2017 \$'000
<b>KMP remuneration by category</b>		
Short-term	9,619.8	11,230.4
Post-employment	282.6	305.8
Share-based payments	2,421.7	3,289.3
	<b>12,324.1</b>	<b>14,825.5</b>

Further details are contained in the Remuneration Report.

#### Loans to KMP

Neither Coca-Cola Amatil Limited nor any other Group company has loans to KMP.

#### Other transactions with KMP and their personally related entities

Neither Coca-Cola Amatil Limited nor any other Group company was party to any other transactions with KMP (including their personally related entities).

## 20 AUDITORS' REMUNERATION

	2018 \$'000	2017 \$'000
Amounts received, or due and receivable, by:		
Coca-Cola Amatil Limited auditor, Ernst & Young (Australia) for:		
Audit or half-year review of the financial reports	3,467.6	2,743.0
Other services:		
– assurance related	155.5	45.0
– tax compliance	155.7	–
– other	208.7	587.0
	519.9	632.0
	<b>3,987.5</b>	<b>3,375.0</b>
Member firms of Ernst & Young in relation to subsidiaries of Coca-Cola Amatil Limited for:		
– audit or half-year review of the financial reports	786.8	727.0
– other services	162.7	–
	<b>949.5</b>	<b>727.0</b>
	<b>4,937.0</b>	<b>4,102.0</b>

## 21 COCA-COLA AMATIL LIMITED DISCLOSURES

	2018 \$M	2017 \$M
<b>a) FINANCIAL POSITION</b>		
Current assets	391.7	445.1
Non-current assets	4,853.5	4,771.6
<b>Total assets</b>	<b>5,245.2</b>	<b>5,216.7</b>
Current liabilities	835.3	1,044.2
Non-current liabilities	2,195.4	1,848.9
<b>Total liabilities</b>	<b>3,030.7</b>	<b>2,893.1</b>
<b>Net assets</b>	<b>2,214.5</b>	<b>2,323.6</b>
<b>Equity</b>		
Share capital	1,920.1	1,920.5
Reserves	34.6	45.5
Retained earnings	259.8	357.6
<b>Total equity</b>	<b>2,214.5</b>	<b>2,323.6</b>
<b>b) FINANCIAL PERFORMANCE</b>		
Profit for the year	242.5	304.5
Total comprehensive income for the year	180.6	294.5
<b>c) GUARANTEES</b>		
Subsidiaries' bonds, bank loans and other guarantees	182.5	235.4

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

## V OTHER INFORMATION (CONTINUED)

### 22 DEED OF CROSS GUARANTEE

Coca-Cola Amatil Limited and certain subsidiaries as indicated in Note 23 have entered into a Deed of Cross Guarantee, which provides that all parties to the Deed will guarantee to each creditor, payment in full of any debt of each company participating in the Deed on winding-up of that company. In addition, as a result of *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*, subsidiaries are relieved from the requirement to prepare financial statements.

	2018 \$M	2017 \$M
<b>Consolidated balance sheet for the closed group</b>		
<b>Current assets</b>		
Cash assets	106.1	219.8
Trade and other receivables	876.9	849.0
Inventories	354.5	420.6
Derivatives	21.2	20.2
Prepayments	40.8	44.8
Current tax assets	29.0	—
Assets held for sale	10.0	0.8
<b>Total current assets</b>	<b>1,438.5</b>	<b>1,555.2</b>
<b>Non-current assets</b>		
Property, plant and equipment	845.4	898.3
Intangible assets	897.2	874.1
Investments in securities	721.2	717.8
Investments	65.2	28.0
Defined benefit superannuation plans	16.7	23.0
Derivatives	116.2	89.2
Other non-current assets	31.2	27.6
<b>Total non-current assets</b>	<b>2,693.1</b>	<b>2,658.0</b>
<b>Total assets</b>	<b>4,131.6</b>	<b>4,213.2</b>
<b>Current liabilities</b>		
Trade and other payables	911.7	839.4
Borrowings	150.9	372.6
Other financial liabilities	67.9	64.4
Employee benefits provisions	65.1	89.1
Current tax liabilities	1.8	11.0
Derivatives	31.4	20.1
<b>Total current liabilities</b>	<b>1,228.8</b>	<b>1,396.6</b>
<b>Non-current liabilities</b>		
Borrowings	2,129.3	1,786.8
Employee benefits provisions	10.6	12.5
Deferred tax liabilities	118.7	144.0
Derivatives	54.4	58.3
<b>Total non-current liabilities</b>	<b>2,313.0</b>	<b>2,001.6</b>
<b>Total liabilities</b>	<b>3,541.8</b>	<b>3,398.2</b>
<b>Net assets</b>	<b>589.8</b>	<b>815.0</b>
<b>Equity</b>		
Share capital	1,920.1	1,920.5
Treasury shares	(12.5)	(13.4)
Reserves	50.6	59.7
Accumulated losses	(1,368.4)	(1,151.8)
<b>Total equity</b>	<b>589.8</b>	<b>815.0</b>

	2018 \$M	2017 \$M
<b>Consolidated income statement for the closed group<sup>1</sup></b>		
Profit before income tax	177.7	451.3
Income tax expense	(51.3)	(87.1)
<b>Profit for the year</b>	<b>126.4</b>	<b>364.2</b>
Accumulated losses at the beginning of the year	(1,151.8)	(1,170.4)
Impact of the new accounting standard AASB 9 <sup>2</sup>	(2.7)	—
Dividends paid	(340.3)	(345.6)
<b>Accumulated losses at the end of the year</b>	<b>(1,368.4)</b>	<b>(1,151.8)</b>

1 Total comprehensive income for the year was \$113.1 million (2017: \$354.2 million), represented by profit for the year of \$126.4 million (2017: \$364.2 million) adjusted for movements in the hedging reserve of \$10.8 million decrease (2017: \$14.0 million decrease) and in the actuarial valuation reserve of \$2.5 million decrease (2017: \$4.0 million increase).

2 Refer to the overview section on page 81 for details of the accounting standard change.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

## V OTHER INFORMATION (CONTINUED)

### 23 INVESTMENTS IN SUBSIDIARIES

	Footnote	Country of incorporation	Equity holding <sup>1</sup>	
			2018 %	2017 %
<b>Coca-Cola Amatil Limited</b>	2	Australia		
<b>Subsidiaries</b>				
Amatil Investments (Singapore) Pte Ltd		Singapore	100	100
– Coca-Cola Amatil (Fiji) Limited		Fiji	100	100
– Paradise Beverages (Fiji) Limited		Fiji	89.6	89.6
– Samoa Breweries Limited		Samoa	93.9	93.9
– PT Coca-Cola Bottling Indonesia	3	Indonesia	70.6	70.6
– PT Coca-Cola Distribution Indonesia		Indonesia	100	100
Associated Products & Distribution Proprietary	2	Australia	100	100
– Coca-Cola Amatil (PNG) Limited		Papua New Guinea	100	100
AX Ventures Pty Ltd		Australia	100	–
Brewhouse Investments Pty Ltd		Australia	100	100
– Feral Brewing Company Pty Ltd		Australia	100	100
– Brewcorp Pty Ltd		Australia	100	100
– Brewcorp Unit Trust		Australia	100	100
C-C Bottlers Limited	2	Australia	100	100
Coca-Cola Amatil (Aust) Pty Ltd	2	Australia	100	100
– Apand Pty Ltd	2	Australia	100	100
– Beverage Bottlers (NQ) Pty Ltd	2	Australia	100	100
– Beverage Bottlers (Qld) Limited	2	Australia	100	100
– Can Recycling (S.A.) Pty Ltd	2	Australia	100	100
– Chilli Brands (Australia) Limited		United Kingdom	100	–
– Coca-Cola Amatil (CDE Aust) Pty Ltd	2	Australia	100	100
– Coca-Cola Amatil (Holdings) Pty Ltd	2	Australia	100	100
– Crusta Fruit Juices Pty Ltd	2	Australia	100	100
– Quenchy Crusta Sales Pty Ltd	2	Australia	100	100
– Perfect Fruit Company Pty Ltd (formerly Votrait No 1987 Pty Ltd)		Australia	100	100
Coca-Cola Holdings NZ Limited		New Zealand	100	100
– Coca-Cola Amatil (N.Z.) Limited		New Zealand	100	100
Matila Nominees Pty Ltd	4	Australia	100	100
Neverfail Springwater Limited	2, 5	Australia	100	100
– Purna Pty Ltd	2	Australia	100	100
– Neverfail Bottled Water Co Pty Ltd	2, 6	Australia	100	100
– Neverfail SA Pty Ltd	2	Australia	100	100
– Neverfail Springwater Co Pty Ltd	2	Australia	100	100
– Neverfail Springwater (Vic) Pty Ltd	2	Australia	100	100
– Neverfail WA Pty Ltd	2	Australia	100	100
– Real Oz Water Supply Co (Qld) Pty Ltd	2	Australia	100	100
– Neverfail Springwater Co (Qld) Pty Ltd	2	Australia	100	100
Pacbev Pty Ltd	2	Australia	100	100
– CCA Bayswater Pty Ltd	2	Australia	100	100
SPC Ardmona Limited	2	Australia	100	100
– Ardmona Foods Limited	2	Australia	100	100
– Goulburn Valley Cannery Pty Ltd	2	Australia	100	100
– Henry Jones Foods Pty Ltd	2	Australia	100	100
– Hallco No. 39 Pty Ltd	2	Australia	100	100
– SPC Ardmona (Netherlands) BV		Netherlands	100	100
– SPC Ardmona Operations Limited	2	Australia	100	100
– Austral International Trading Company Pty Ltd	2	Australia	100	100

Names inset indicate that shares or units are held by the company immediately above the inset. The above subsidiaries carry on business in their respective countries of incorporation.

1 The proportion of ownership interest is equal to the proportion of voting power held.

2 These companies are parties to a Deed of Cross Guarantee as detailed in Note 22 and are eligible for the benefit of ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

3 Coca-Cola Amatil Limited holds 3.4% of the shares in this company and TCCC holds 29.4% interest in this company.

4 Matila Nominees Pty Ltd is the trustee company for the Group's employee ownership plans.

5 Neverfail Springwater Limited holds 40.7% of the shares in Neverfail Bottled Water Co Pty Ltd.

6 Neverfail Bottled Water Co Pty Ltd holds 1.5% of the shares in Neverfail Springwater (Vic) Pty Ltd.

## 24 NEW STANDARDS AND INTERPRETATIONS

Coca-Cola Amatil has not early adopted any new standards, amendments to standards and interpretations. The expected impacts on the Group of significant new and revised accounting standards, which are not yet effective, are summarised below.

### AASB 16 LEASES – APPLIES 1 JANUARY 2019

Broadly, this standard will require recognition of a right of use asset and lease liability based on the discounted value of committed lease payments. These payments, currently expensed within EBIT, will be replaced by the straight-line depreciation of the right of use asset and will reduce the lease liability. As the lease liability will be carried at present value, an interest expense will arise over the duration of the lease term. The principal component of lease payments will be reclassified in the statement of cash flows from operating to financing activities.

Our implementation project team has completed loading lease agreements to a new lease accounting system, determined the impact to the Group's opening balance sheet and 2019 income statement and set-up policies and processes to manage the new ongoing accounting requirements. Internal discussions with our treasury and tax teams have indicated no significant concerns in relation to this standard with respect to the Group's funding, tax and dividend obligations.

#### Transition

The Group will initially apply the new standard using the modified retrospective approach, which requires no restatement of comparative information. Further, in relation to the opening balance of right of use assets, the Group has chosen to apply the following approach as is permitted by the standard:

- a) for the Group's 13 largest property leases which represent the bulk of the Group's total leases (by total committed future cash flows) – present value of committed lease payments since commencement of the lease, less cumulative straight-line depreciation and utilising 1 January 2019 discount rates for durations equivalent to the remaining lease term. This approach results in an adjustment to opening accumulated losses.
- b) for all other leases – to be equal to the opening lease liability.

Adjustments are also required for any prepayment or accrued lease payments recognised in the financial position prior to adoption.

#### Estimated impact from adoption of the standard

The Group has carried out a preliminary assessment of the impact of the standard on the 2019 financial statements (including the discontinued operation). Based on the work performed, the estimated impact is as follows:

Financial statements item – approximate impacts	\$M
<b>Balance sheet – as at 1 January 2019</b>	
Right of use assets	450
Lease liabilities	(510)
Deferred tax liabilities	20
Accumulated losses	40
<b>Income statement – year ending 31 December 2019<sup>1</sup></b>	
EBIT	10
Profit after income tax	(2)

<sup>1</sup> Based on lease agreements as of 1 January 2019.

This impact predominantly relates to the Group's leasing of land and building assets in Australia and New Zealand.

## 25 EVENTS AFTER THE BALANCE DATE

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

# DIRECTORS' DECLARATION

## Coca-Cola Amatil Limited and its subsidiaries

In accordance with a resolution of the Directors of Coca-Cola Amatil Limited dated 21 February 2019, we state that:

In the opinion of the Directors:

- a) the financial statements, notes and the additional disclosures included in the Directors' Report of the Group are audited, and are in accordance with the *Corporations Act 2001*, including:
  - i) giving a true and fair view of the Group's financial position as at 31 December 2018, and of its performance for the year ended on that date; and
  - ii) complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*;
- b) the financial statements and notes also comply with *International Financial Reporting Standards* as disclosed on page 81 of the Financial Report;
- c) at the date of this declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- d) at the date of this declaration, there are reasonable grounds to believe that the Company and the wholly owned subsidiaries identified on page 124 of the Financial Report as being parties to a Deed of Cross Guarantee with Matila Nominees Pty Ltd as trustee, will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed.

This declaration has been made after receiving the declarations required to be made to Directors by the Group Managing Director and Group Chief Financial Officer, in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 31 December 2018.

On behalf of the Directors



**Ilana R. Atlas**  
Chairman  
Sydney  
21 February 2019



**Alison M. Watkins**  
Group Managing Director  
Sydney  
21 February 2019



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COCA-COLA AMATIL LIMITED

### REPORT ON THE AUDIT OF THE FINANCIAL REPORT

#### OPINION

We have audited the financial report of Coca-Cola Amatil Limited (the Company) and its subsidiaries (collectively "the Group"), which comprises the consolidated balance sheet as at 31 December 2018, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance for the year ended on that date; and
- b) complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

#### BASIS FOR OPINION

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COCA-COLA AMATIL LIMITED (CONTINUED)

### Key Audit Matters (continued)

Why significant	How our audit addressed the key audit matter
<p><b>1. Carrying Value of Indonesian Cash Generating Unit</b></p> <p>Due to the operating results of the Indonesian business and the limited excess of recoverable amount above the carrying value of the Cash Generating Unit (CGU) the carrying value of this CGU is susceptible to impairment. As disclosed in Note 9 to the financial statements, the assessment of impairment for the Indonesian CGU, involves critical accounting estimates and significant judgements. Note 9 also describes that any unfavourable changes in individual key forecast assumptions, in the absence of changes that the Group may be able to make to the business, will lead to an impairment charge being required.</p> <p>This was considered a key audit matter given the limited headroom and significant judgment required in performing this assessment.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>— Assessed whether the methodology used by the Group met the requirements of <i>Australian Accounting Standards</i></li> <li>— Tested the mathematical accuracy of the cash flow model</li> <li>— Assessed whether the carrying value of the CGU used in the impairment test was appropriately determined in accordance with the <i>Australian Accounting Standards</i></li> <li>— Assessed the cash flow forecasts by considering the historical reliability of the Group's cash flow forecasts, recent results, and our knowledge of the business and industry, corroborating this data with external information where possible</li> <li>— Evaluated the Group's analysis of the sensitivity of changes in key assumptions used in their impairment testing model, by considering a range of reasonably possible changes in key assumptions</li> <li>— Involving our business valuation and modelling specialists in the consideration of key assumptions such as, the discount rate, terminal growth rates and capital expenditure assumptions</li> <li>— Assessed the adequacy of the financial statement disclosures relating to impairment testing</li> </ul>
<p><b>2. Accounting for Rebates and Promotional Allowances</b></p> <p>As disclosed in Note 2 to the financial statements, revenue is recognised when control of the product has transferred, being when the product is delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products.</p> <p>Revenue is recognised net of rebates and promotional allowances owed to customers based on their individual contractual arrangements. The recognition and measurement of rebates and promotional allowances, including establishing an appropriate accrual at year end, involves significant judgment and estimate, particularly related to the expected level of rebate claims by the customers.</p> <p>This was considered a key audit matter given the value of the rebate and promotional allowances provided to customers, together with the level of judgment involved in estimating the accrual for promotional allowances at year end.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>— Considered the application of <i>Australian Accounting Standards</i> to the Group's accounting policies regarding rebates and promotional allowances, including the Group's initial adoption of AASB 15 during the period</li> <li>— Assessed the assumptions and judgments used by the Group in calculating rebates and promotional allowance accruals</li> <li>— Evaluated the effectiveness of the Group's processes to calculate and record rebates and promotional allowances</li> <li>— For a sample of contracts and promotional activities, assessed whether the rebates and promotional allowances were calculated in accordance with the terms of each contract or agreed promotion</li> <li>— Considered the impact of customer claims and payments made subsequent to year end</li> <li>— Analysed movements, trends and the ageing profile of the rebates and promotional allowances accrual</li> <li>— Enquired of the Group as to the existence of any non-standard agreements or side arrangements or contracts with unusual terms and conditions</li> <li>— Considered the presentation and disclosure in respect of rebates and promotional allowances in the financial statements</li> </ul>

### Why significant

#### 3. SPC Asset Held for Sale

As disclosed in Note 11d to the financial statements, SPC has been presented as an asset held for sale ("AHFS") and a discontinued operation at 31 December 2018, due to the decision made to divest the business.

Following an assessment of the recoverable value, after considering the third party offers received, the Group has impaired on the carrying value of the net assets associated with SPC by \$146.9 million. A related deferred tax asset of \$40.2 million has been recognised on this write-down.

We considered this to be a key audit matter due to the significance of the impairment charge and the judgment required in determining the fair value less costs to sell of SPC.

### How our audit addressed the key audit matter

Our audit procedures included the following:

- Consideration of the application of *Australian Accounting Standards* to the classification of SPC as an AHFS and discontinued operation
- Assessed management's determination of fair value less costs to sell with regards to the non-binding third party offers received, including the viability of the offers, conditions precedent, and expected costs to sell
- Our tax specialists assessed the Group's assessment as to the recoverability of the deferred tax asset
- Considered the accuracy of the results presented as discontinued operations in the current and comparative period
- Assessed the adequacy of the financial statement disclosures relating to the impairment loss, the AHFS balance, and the disclosure of SPC as a discontinued operation

#### INFORMATION OTHER THAN THE FINANCIAL REPORT AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL REPORT

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with *Australian Accounting Standards* and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or Group or to cease operations, or have no realistic alternative but to do so.

#### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COCA-COLA AMATIL LIMITED (CONTINUED)**

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT (CONTINUED)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **REPORT ON THE AUDIT OF THE REMUNERATION REPORT**

#### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 52 to 74 of the Directors' Report for the year ended 31 December 2018.

In our opinion, the Remuneration Report of Coca-Cola Amatil Limited for the year ended 31 December 2018, complies with section 300A of the *Corporations Act 2001*.

#### **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**Ernst & Young**



**Katrina Zdrilic**  
Partner  
Sydney  
21 February 2019



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

As lead auditor for the audit of Coca Cola Amatil Limited for the financial year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Coca-Cola Amatil Limited and the entities it controlled during the financial year.

**Ernst & Young**

**Katrina Zdrilic**  
Partner  
Sydney  
21 February 2019

# SHAREHOLDER INFORMATION

## Coca-Cola Amatil Limited and its subsidiaries

Additional information required by Australian Securities Exchange Listing Rules is as follows. This information is current as at 6 March 2019.

### Distribution Schedule of Shareholders

Size of Holding	Number of Shareholders	Number of Ordinary Shares	Issued Capital %
1 – 1,000	31,892	11,681,909	1.61
1,001 – 5,000	17,474	39,545,702	5.46
5,001 – 10,000	2,411	17,132,941	2.37
10,001 – 100,000	1,226	25,861,472	3.57
100,001 and over	70	629,777,675	86.99
<b>Total</b>	<b>53,073</b>	<b>723,999,699</b>	<b>100</b>

There were 5,506 holders of less than a marketable parcel of 60 ordinary shares.

### Substantial Shareholders

The names of substantial shareholders of the Company's ordinary shares (holding not less than 5%) who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

Coca-Cola Holdings (Overseas) Limited <sup>1</sup>	223,049,276
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Top Twenty Registered Shareholders	Number of Shares	Issued Capital %
Coca-Cola Holdings (Overseas) Limited	223,049,276	30.81
HSBC Custody Nominees	201,423,683	27.82
J P Morgan Nominees Australia Limited	73,749,990	10.19
Citicorp Nominees Pty Limited	65,623,618	9.06
National Nominees Limited	18,981,737	2.62
BNP Paribas Nominees Pty Limited	16,893,375	2.33
Solium Nominees (Australia) Pty Ltd	8,003,707	1.11
Matila Nominees Pty Limited	3,061,546	0.42
The Senior Master of the Supreme Court	2,106,127	0.29
AMP Life Limited	1,669,085	0.23
Bainpro Nominees Pty Limited	1,497,786	0.21
Jikinta Investments Pty Ltd	1,381,331	0.19
Milton Corporation Limited	1,061,584	0.15
Youyang Pty Ltd	819,866	0.11
Powerwrap Limited	619,543	0.09
North Laura Nominees Pty Ltd	460,000	0.06
The Manly Hotels Pty Limited	456,761	0.06
Netwealth Investments Limited	456,700	0.06
BNP Paribas Noms (NZ) Ltd	417,312	0.06
Nulis Nominees (Australia) Limited	406,064	0.06
<b>TOTAL</b>	<b>622,139,091</b>	<b>85.93</b>

<sup>1</sup> Major holdings of The Coca-Cola Company

## ANNUAL GENERAL MEETING

Coca-Cola Amatil's Annual General Meeting will be held at the Isabel Menton Theatre, Mary MacKillop Place, 11 Mount Street (near the corner of William and Mount Streets), North Sydney NSW 2060 on Wednesday, 15 May 2019 at 10.00am (AEST). Coca-Cola Amatil is committed to improving the efficiency of its Annual General Meetings and encourages participation of shareholders through:

- the prior collection of shareholder questions for answering during the meeting. Questions can be submitted by completing the relevant form accompanying the Notice of Meeting, by going online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) or by emailing Coca-Cola Amatil [investors@ccamatil.com](mailto:investors@ccamatil.com);
- providing a process to ensure that shareholders are considerate of each other's right to participate;
- providing an opportunity after each Annual General Meeting to discuss matters with the Board and management; and
- posting copies of the speeches delivered at the meeting onto the website after delivery.

## VOTING RIGHTS

Shareholders are encouraged to attend the Annual General Meeting, however, when this is not possible, they are encouraged to vote online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) or to lodge a direct vote or appoint a proxy using the Shareholder Voting Form to register their vote. Every member present personally or by proxy, attorney or representative shall, on a show of hands, have one vote and, on a poll, have one vote for every share held.

## LISTINGS

Coca-Cola Amatil shares are quoted under the symbol CCL on Australian Securities Exchange (ASX). The securities of the Company are traded on ASX on the issuer-sponsored sub-register or under CHESS (Clearing House Electronic Sub-register System).

Coca-Cola Amatil ordinary shares are traded in the United States in the form of American Depositary Receipts (ADRs) issued by The Bank of New York Mellon as Depositary. The ADRs trade over-the-counter under the symbol CCLAY.

## ANNUAL REPORTS

The Coca-Cola Amatil Annual Report is available at Coca-Cola Amatil's website [www.cccamatil.com](http://www.cccamatil.com). Printed copies of Annual Reports are only mailed to those shareholders who elect to receive one. Coca-Cola Amatil encourages shareholders to receive notification of all shareholder communications by email and have internet access to documents including Company Announcements, Dividend Statements and Notices of Shareholder Meetings. In this way, shareholders receive prompt information and have the convenience and security of electronic delivery, which is not only cost-effective but environmentally friendly.

## COMPANY PUBLICATIONS

Other than the Annual Report, Coca-Cola Amatil publishes a Corporate Governance Statement and Sustainability Report.

Shareholders are encouraged to access shareholder communications and information online at [www.cccamatil.com](http://www.cccamatil.com).

## WEBSITE

All material contained in this Report is also available on Coca-Cola Amatil's website. In addition, earnings announcements to ASX, media releases, presentations by senior management and dividend history are also published on the website. The address is [www.cccamatil.com](http://www.cccamatil.com).

## DIVIDENDS PAID

The total dividends paid to shareholders relating to 2018 was 47.0 cents per share; flat to 2017. This represents a payout ratio of 87.6 per cent for the full year on a continuing operations basis. Dividends were franked at 65 and 50 per cent for the interim and final dividends respectively, and full year free cash flow was sufficient to cover both dividend payments.

## DIRECT DEPOSIT OF DIVIDENDS

As previously advised to shareholders, commencing with the final dividend payment in April 2012, Coca-Cola Amatil introduced a system of mandatory direct crediting of dividends in Australia.

Commencing with the 2013 final dividend payment in April 2014, the same mandatory direct crediting was introduced in New Zealand, and cheques will only be paid to non-New Zealand overseas shareholders without an Australian or New Zealand financial institution account, or in exceptional circumstances.

If you are an Australian or New Zealand resident shareholder, any Coca-Cola Amatil dividends will be paid directly into your bank account on the dividend payment date. Your Dividend Payment Statement will be sent by mail or emailed to you on that date.

If you are an Australian or New Zealand shareholder and have not provided your Australian or New Zealand bank account details, you will not receive your dividend until you do so. You can provide your bank account details by contacting the share registry, Link Market Services.

# SHAREHOLDER INFORMATION (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries

## DIVIDEND REINVESTMENT PLAN

Participation in the Dividend Reinvestment Plan (DRP) is optional and available to all shareholders, except those who are resident in the United States, or in any place in which, in the opinion of the Directors, participation in the Plan is or would be illegal or impracticable. Shareholders may elect to participate for all or only some of their shares. Shares under the DRP were purchased on market for the 2018 interim and final dividends at the market price of Coca-Cola Amatil ordinary shares calculated at each dividend payment, being the weighted average price of all ordinary Coca-Cola Amatil shares sold on the ASX and Chi-X trading platforms during the 10 trading days commencing on the third trading day after the record date for the dividend. There is no brokerage, stamp duty or other transaction costs payable by participants. The DRP discount was reduced from 2.0% to nil with effect from the 2010 interim dividend payment.

The DRP rules may be modified, suspended or terminated by the Directors at any time by way of an announcement to the ASX and placed on Coca-Cola Amatil's website. Changes will be effective on the date of the announcement. For additional information and an application form, please contact our share registry, Link Market Services on tel: +61 1300 554 474.

## TAX FILE NUMBERS

Australian taxpayers who do not provide details of their tax file number will have the unfranked portion of dividends subjected to the top marginal personal tax rate plus Medicare levy. It may be in the interests of shareholders to ensure that tax file numbers have been supplied to the share registry. Forms are available from the share registry should you wish to notify the registry of your tax file number or tax exemption details.

## CHANGE OF ADDRESS

It is important for shareholders to notify the share registry in writing promptly of any change of address. As a security measure, the old address should also be quoted as well as your shareholder reference number (SRN). You may also update your details online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

# FIVE-YEAR FINANCIAL HISTORY

## Coca-Cola Amatil Limited and its subsidiaries

	2014	2015	2016	2017	2018 <sup>1</sup>
<b>Summarised income statement (\$M)</b>					
Trading revenue <sup>1</sup>	4,942.8	5,093.6	5,077.7	4,933.8	4,752.3
EBIT before non-trading items <sup>1</sup>	651.5	660.6	683.4	678.7	634.5
Net finance costs <sup>1</sup>	(121.9)	(86.2)	(73.0)	(68.8)	(72.5)
Income tax expense (before non-trading items) <sup>1</sup>	(153.4)	(171.0)	(181.3)	(177.9)	(160.7)
Non-trading items after tax	(103.4)	–	(171.8)	29.0	13.2
Non-controlling interests	(0.7)	(10.0)	(11.2)	(15.8)	(13.0)
Profit for the year – attributable to shareholders of Coca-Cola Amatil Limited (before non-trading items) <sup>1</sup>	375.5	393.4	417.9	416.2	388.3
Profit for the year – attributable to shareholders of Coca-Cola Amatil Limited	272.1	393.4	246.1	445.2	279.0
<b>Other performance measures</b>					
Ordinary dividend per share (cents)	42.0	43.5	46.0	47.0	47.0
Ordinary dividend franking per share (%)	75.0	75.0	75.0	70.0	50.0
Basic and diluted earnings per share (before non-trading items) (cents) <sup>1</sup>	49.2	51.5	54.7	55.9	53.6
Basic and diluted earnings per share (after non-trading items) (cents)	35.6	51.5	32.2	59.8	38.5
EBIT (before non-trading items) interest cover (times) <sup>1</sup>	5.3	7.7	9.4	9.9	8.8
Return on capital employed (%) <sup>1</sup>	18.5	18.6	20.4	20.9	20.1
Operating cash flow (\$M) <sup>1</sup>	590.2	626.8	774.8	589.2	705.6
Free cash flow (\$M) <sup>1</sup>	311.6	390.3	490.5	429.3	419.0
Capital expenditure/trading revenue (%) <sup>1</sup>	5.8	5.0	5.8	6.3	6.7
<b>Summarised Balance sheet (\$M)</b>					
Net assets	1,686.7	2,409.8	2,274.2	1,880.3	1,900.0
Net debt	1,871.3	1,146.3	992.8	1,337.2	1,327.8
Assets and liabilities – operating and investing (capital employed)	3,558.0	3,556.1	3,267.0	3,217.5	3,227.8

<sup>1</sup> The measures are presented on the continuing operations basis in 2018. Refer page 102 of the financial report for further details on the discontinued operation result.

# GLOSSARY

## BEVERAGES RELATED

<b>Alcohol Ready-To-Drink Beverages (ARTD)</b>	Alcohol beverages, including beer and pre-mixed spirit categories
<b>Non-Alcohol Ready-To-Drink Beverages (NARTD)</b>	Non-alcohol beverages, including sparkling and still categories
<b>Sparkling &amp; Frozen Beverages</b>	Non-alcohol beverages including sugar cola, non-sugar cola, flavours and adult beverages and Frozen non-alcohol beverages
<b>Still Beverages</b>	Non-alcohol beverages including water (carbonated and non-carbonated), sports, energy, juice, flavoured milk and tea
<b>Unit Case</b>	A unit case is the equivalent of twenty-four 8 US oz. (237ml) serves, or 5.678 litres

## FINANCIAL MEASURES

<b>Capex or Capital Expenditure</b>	Payments for additions of property, plant and equipment and software development assets less related grant proceeds received from a government
<b>Cash Realisation</b>	Calculated on an underlying basis as net operating cash flows divided by profit after tax, adding back depreciation and amortisation expenses before tax
<b>EBIT</b>	Earnings before interest and tax
<b>EPS</b>	Earnings per Share, determined as profit attributable to shareholders of Coca-Cola Amatil Limited divided by the weighted average number of shares on issue during the year
<b>Free Cash Flow</b>	Cash flows generated by the business, which is available to reinvest in capital expenditure, reduce net debt or return amounts to shareholders mainly in the form of dividends and is calculated as net operating cash flows less capex and payments for other intangible assets and plus proceeds from disposal of property, plant and equipment
<b>Net Interest Cover</b>	Underlying EBIT divided by net finance costs
<b>Net Tangible Assets Per Share</b>	Net tangible asset per share is calculated by dividing total equity attributable to the shareholders of Coca-Cola Amatil Limited less intangible assets, by the number of shares at year end
<b>Non-Trading Items</b>	Transactions which are material to the financial statements individually or in aggregate and are either non-recurring or arise from activities other than those associated with Coca-Cola Amatil's ordinary trading activities.
<b>NPAT</b>	Profit (after tax) for the year attributable to shareholders of Coca-Cola Amatil Limited
<b>PET</b>	Polyethylene Terephthalate. The material used for the Group's plastic bottles.
<b>Return on Capital Employed or ROCE</b>	Underlying EBIT, divided by the average of the Assets and Liabilities – Operating and Investing (net assets of the Group excluding net debt) at the beginning and at the end of the 12-month period ended as at the balance date
<b>rPET</b>	Recycled PET
<b>Statutory</b>	Financial measures stated in accordance with accounting standards
<b>Underlying</b>	Financial measures stated before (or excluding) non-trading items

## OTHERS

<b>Amatil X</b>	Amatil X is our emerging possibilities platform, designed to nurture and scale opportunities for growth
<b>Coca-Cola System, Coke System, Coke Bottling System</b>	The Coca-Cola Company, its subsidiaries and bottling partners
<b>TCCC</b>	The Coca-Cola Company
<b>The Company</b>	Coca-Cola Amatil Limited
<b>The Group, We, Us or Our</b>	Coca-Cola Amatil Limited and its subsidiaries
<b>TRIFR</b>	Total Recordable Injury Frequency Rate

# DIRECTORIES

## CORPORATE OFFICE

### Jane Bowd

Company Secretary

### Ana Metelo

Investor Relations Advisor

### Liz McNamara

Group Director, Public Affairs,  
Communications and Sustainability

## REGISTERED OFFICE

Coca-Cola Amatil Limited  
Coca-Cola Place  
Level 13, 40 Mount Street  
North Sydney NSW 2060

Ph: +61 2 9259 6222

## AUDITOR

Ernst & Young (Australia)  
Ernst & Young Centre  
200 George Street  
Sydney NSW 2000

# CALENDAR OF EVENTS 2019

### Thursday 21 February

2018 full-year results announcement

### Tuesday 26 February

Ex-dividend date (final dividend)

### Wednesday 27 February

Record date for dividend entitlements

### Thursday 28 February

Last election date for Dividend  
Reinvestment Plan

### Wednesday 10 April

2018 final ordinary dividend paid

### Wednesday 15 May

Annual General Meeting

### Thursday 22 August

2019 half-year results announcement

### Tuesday 27 August

Ex-dividend date (interim dividend)

### Wednesday 28 August

Record date for dividend entitlements

### Thursday 29 August

Last election date for Dividend  
Reinvestment Plan

### Wednesday 9 October

2019 interim ordinary dividend paid

## SHARE REGISTRY AND OTHER ENQUIRIES

For enquiries about  
Coca-Cola Amatil Limited Shares:

### Link Market Services Limited

Locked Bag A14  
Sydney South NSW 1235  
Ph: 61 1300 554 474  
Fx: 61 2 9287 0303  
Email: [cca@linkmarketservices.com.au](mailto:cca@linkmarketservices.com.au)  
Web: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

For enquiries about American  
Depositary Receipts:

### BNY Mellon Shareowner Services

PO Box 505000  
Louisville, KY 40233-5000 USA  
US Domestic Calls (toll free): 1 888  
BNY ADRS or 1888 269 2377  
International Calls: +1 201 680 6825  
Email: [shrrelations@bnymellon.com](mailto:shrrelations@bnymellon.com)  
Web: [www.mybnymdr.com](http://www.mybnymdr.com)

For enquiries about the operations  
of the Company:

### Investor Relations

Coca-Cola Place  
Level 13, 40 Mount Street  
North Sydney NSW 2060  
Email: [investors@ccamatil.com](mailto:investors@ccamatil.com)  
Web: [www.cccamatil.com](http://www.cccamatil.com)

## ANNUAL GENERAL MEETING

The Annual General Meeting of  
Coca-Cola Amatil Limited will be  
held at the Isabel Menton Theatre,  
Mary MacKillop Place, 11 Mount  
Street (near the corner of William  
and Mount Streets), North Sydney  
NSW 2060 on Wednesday, 15 May  
2019 at 10.00am (AEST).



